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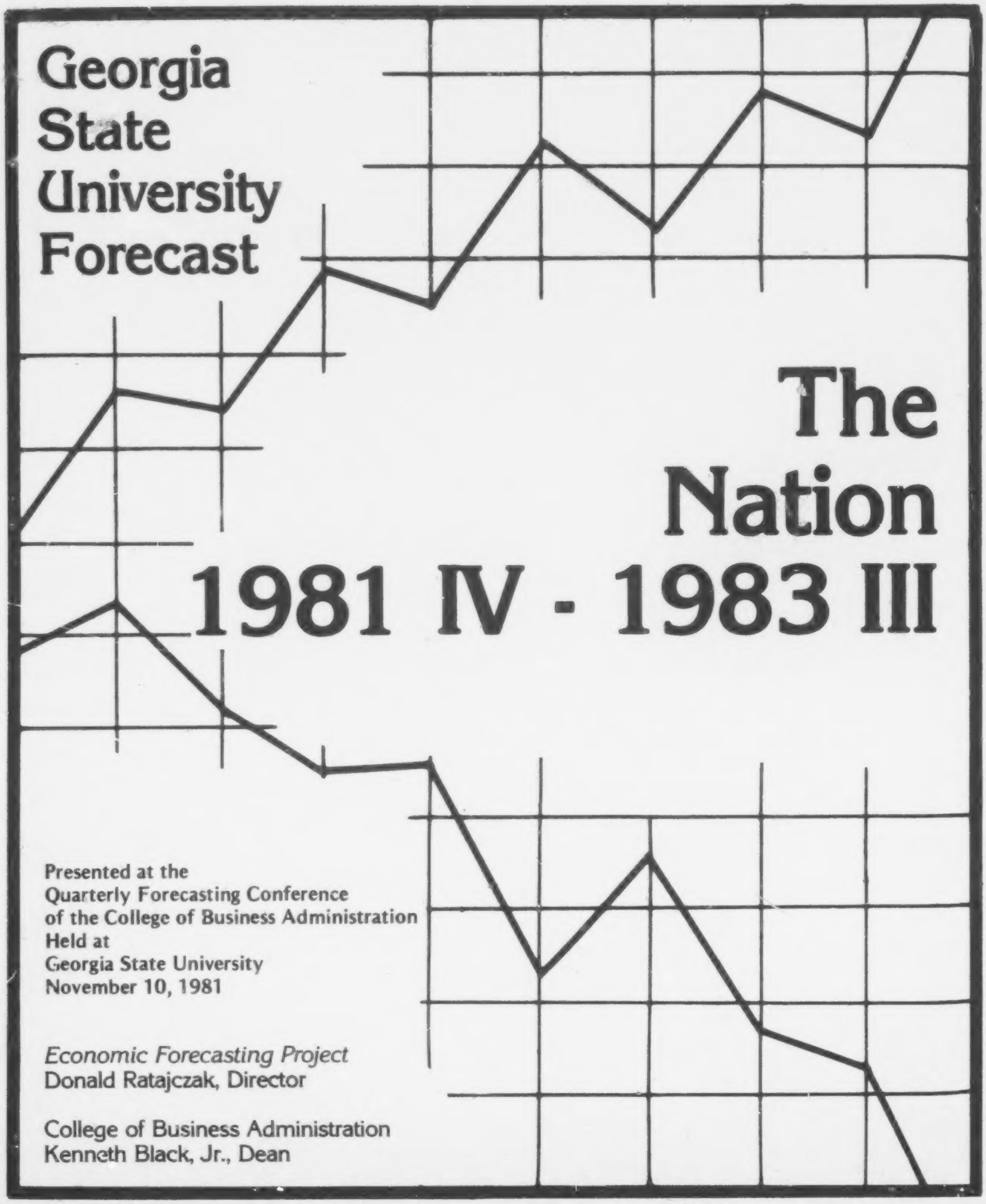

Georgia State University Forecast

The Nation
1981 IV - 1983 III

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Reagan's Recession Is Here

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COMMENTARY

The enclosed forecast clearly is unacceptable. By this, I do not mean that the analysis is especially inaccurate or imprecise, although developing economic evidence suggests that the recession may even be more severe than is anticipated in this forecast. Rather, the economic climate projected for the next two years, even when recovery commences, cannot be viewed as healthy. Government deficits in FY 1982 and FY 1983 are in the $90 billion range. Not only is the deficit going to be higher in FY 1982 than in FY 1981 but the deficits show little tendency to decrease even after economic recovery begins. A first year student of economics should know that undiminished deficits during a recovery cannot aid the health of credit markets or some financial institutions. While we have disagreed with refute Henry Kaufman's assertion that interest rates will rise to record highs in the next twelve to eighteen months, our forecast does not generate such a conclusion. Interest rates a year from now are expected to move in the direction anticipated by Mr. Kaufman, preventing us from refuting his assertions.

Current economic conditions are disturbing not only because of the magnitude of the recession (in October the index of hours worked already was 2.8% at annual rates below third quarter levels) but also due to the extent to which capital spending has been slowed by worsening economic conditions. Excluding auto products, producers' durables adjusted for inflation fell at an annual rate of 9.8% in the third quarter. In September, orders for nondefense capital goods trailed shipments by $2 billion. Private nonresidential construction, the one previously strong area of capital spending, declined slightly in September. Thus far, the accumulation of capital has slowed more than consumer activity. If this relative slowing continues, industrial inflation will re-emerge soon after the economy begins its recovery.

Does this economic performance indicate that Reaganomics has failed? To some extent the answer must be yes. Current economic conditions leave us with an unpalatable dilemma. If declining marginal tax rates and liberalized tax treatment for IRA and Keough programs lead to increased consumer savings, the present slump in autos, housing, capital equipment, and agricultural implements will be intensified by declining consumer spending. The ensuing recession could not possibly be called "slight".

However, the subsequent recovery following such a consumer slump would be triggered by sharply falling interest rates leading to increased activity in interest sensitive parts of the economy. Hopefully, the business tax cuts would move capital spending to the front of that interest sensitive recovery. It should be noted, however, that response lags inherent in the interest sensitive sectors insure that increased savings will intensify the recession before falling interest rates stimulate recovery.

If, on the other hand, tax cuts lead to increased consumer activity rather than savings and if the IRA and Keough provisions merely redeploy existing assets rather than increase their size, then the recession will be relatively modest. However, relief from interest rate pressures will be only temporary. Recovery in the interest sensitive portions of the economy will be modest. Moreover, previous declines in economic activity will reduce the utilization of existing resources. This, in turn, will lower investment incentives. As a result, the underlying expansion path of the United States will be tilted more toward consumption at the expense of capital. While inflation will be less intense for a period of time under both scenarios, the latter situation will resolve very few long-term problems.

Why are our economic options so unpalatable? Administration economists may argue that they inherited such a mess that only economic pain can generate long-term economic gain. (Of course, none of this pain was mentioned during the political campaign). Unquestionably, the U.S. economy had problems when the current administration took power. As long ago as 1975 economic liberals such as Barry Bosworth, James Duesenberry, and Andrew Carron recognized that unusual capital needs would confront the U.S. economy in the latter half of the decade, but they did not feel the need was critical. Government surpluses of less than 0.5% of GNP would be sufficient to meet the needs. Unfortunately, deficits rather than surpluses were generated. Moreover, a one percent shortfall in capital expenditures has a noticeable impact upon the growth of capital expansion, for most capital accumulation is for replacement purposes.

The last Economic Report of the President issued by the Carter administration showed the dimensions of the capital problem. The modest capital shortfall created by government deficits helped to reduce the growth of capital by a full percentage point in the latter part of the 1970s. At the same time, increasing employment aspirations by females and teenagers led to increased growth of the workforce. When the two effects were combined, the capital available per worker slowed from 3% growth to virtually no growth at all.

The problem the Reagan administration inherited was a deficiency of capital. Unfortunately, the evidence was unclear as to whether this deficiency was caused by demand side or supply side inadequacies. The case for demand side problems rested upon the distortions that inflation inflicted upon the effective tax rate on capital. The recently enacted Capital Recovery Act goes a long way toward redressing this tax problem. However, if the problem was one of supply inadequacy, as implied by the study by Bosworth et al, changing the tax treatment of capital might only increase the demand for investment goods confronting an unresponsive supply. The result - rising interest rates.

Personal tax cuts supposedly were designed to address this supply problem. Unquestionably, some of the provisions in that bill will stimulate savings. However, most consumer studies strongly suggest that the multi-year reduction in personal income tax reductions initially will increase consumption. Personal savings may be increased only modestly or not at all as a result of the multi-year tax reductions, at least during early stages of these tax reductions. Because government borrowings are increased to finance these tax cuts, total savings in the economy are reduced. Once again, the result is rising interest rates. Should anyone be surprised that long-term corporate bond rates have increased 4 percentage points since this program was announced?

The predicted supply-side response has not developed because partial equilibrium analysis was used to address a general equilibrium problem. Taxes create economic distortions. Removal of those distortions will enhance economic activity if nothing else changes. If tax reductions are financed through increased borrowings, then the distortions removed through reduced taxes are offset by heightened distortions in credit markets. With interest rates already at historical highs (and well above the normal interest rate that played so prominent a part in the thinking of Keynes), distortions created by increased borrowings overwhelmed the diminished distortions from tax reductions.

In order to prevent Kemp and Roth from being listed in the same portion of the economic history text as Hawley and Smoot, policy changes should be made. First, the indexation of personal taxes after 1985 should be rescinded. If the budget is balanced by that time, reinstating the indexation provision could be straight forward. If deficits remain near the $100 billion range, locking the government into financing its resources through borrowings is foolhardy. At the present time, the 1985 indexation provision can only create adverse expectations in credit markets.

Second, natural gas should be decontrolled with the same windfall profits provision that currently exists for producing oil fields. Failure to pay the world price for any of our energy resources creates distortions. At the same time, a windfall tax on existing wells is the closest thing to taxing economic rents that is available. Such taxation minimizes distortions, although some exists.

Third, the tax component of federal excises on liquor, cigarettes, and gasoline should be raised to the same percentage that prevailed in 1970 and be converted to an ad valorem rather than specific tax. The income raised will not be large, but every $10 billion in government borrowings requires an extra $1.3 billion in interest payments. Indeed, interest payments in the federal budget will exceed all grants-in-aid to state and local governments by the end of this fiscal year.

Fourth, indexation provisions in all government expenditures, whether for social security recipients or government retirees, should be tied to after-tax wage changes in the economy. (I would prefer that the indexation be on a before-tax basis with all transfer programs subject to taxation after a large initial personal deduction. However, such a provision is not easily understood by the American public). This in no way means that retiree benefits should always be restricted to such an index formula. Retirees should continue to ask the Congress to alter benefits as the need rises. However, benefit changes should be explicit and not transfer through a faulty indexation formula.

I would not, on average, ask the Federal Reserve to change its policies, although I would ask that they perform closer to average most of the time. The absence of meaningful money growth during the summer months clearly has contributed to the current economic slowdown. It is also faulty to assume that slower money growth is always preferable to faster money growth. Inflation must be squeezed out through gradual reductions in the growth of the money stock. However, too rapid a slowing will lead to abrogated contracts and resultant economic distortions. (Those seeking a return to the gold standard with its resultant nearly zero mean growth in money are ignoring the implications that such a change would have upon the prevailing contractual arrangements of our economy).

I have deviated from my normal forecast analysis because I believe that the economy we are forecasting based upon current and anticipated policies is unacceptable. The above alternatives have been prescribed to answer the challenge of what to do differently. Of course, I never would have supported a multi-year personal income tax reduction when the government already had a $60 billion deficit. Nothing can be gained through assigning blame. Let's recognize our economic problems, realize the faulty assumptions made in past policy judgments and move to correct them.

Recent Performance

The inventory correction that was anticipated for the third quarter never materialized. Despite administration claims that the business community was not responding positively to their programs, the surges in orders, hiring, and inventory investment during July apparently were based upon hopes that the program would provide short-term, material economic benefits. Thus, an expected inventory correction never developed during the third quarter. Even the automobile overhang merely stopped getting worse. This meant that a significant inventory correction still was needed during the fourth quarter.

As inventories failed to moderate, so did interest rates,with the result that housing continued to slump. Long-term interest rates were a full percentage point higher than previously expected. With the current outlook for long-term interest rates at a higher level than was forcasted in our earlier analysis, mortgage rates are expected to be higher than in our previous forecast. For this reason, housing is expected to recover later and improve less substantially than had previously been expected.

Inflation as measured by the implicit price deflator also was higher than expected in our forecast. We had noted three months ago that unusually low readings for the price deflator were being generated by composition shifts rather than by significant slowing in inflation by component. These composition shifts reversed themselves during the summer. As these changes in composition did not prove to be permanent, our estimates of the GNP deflator were adjusted upward. However, our estimates of changes in inflation by component were not altered.

Part of the weakness we now see in real economic activity during 1982 reflects this delayed inventory correction. Part of it also reflects a weaker housing market than previously had been anticipated. However, part of the projected slowing in economic activity also reflects slowing in the accumulation of capital. We continue to view the multi-year personal income tax cuts as a shift toward consumption rather than toward saving. This assumption significantly influences our longer term projections.

Corporate profits were higher than expected for two reasons. First, we underestimated the magnitude of tax relief generated by the Capital Cost Recovery Act. Second, a stronger than anticipated economy resulted in improved corporate profits. As the economy's performance falls below previously projected levels, corporate profits are also expected to fall below earlier projections.

Personal savings fell toward irreducible levels as consumers responded to price incentives for automobiles. It should be noted, however, that these price incentives were not fully reflected in the GNP deflator for motor vehicles and parts, which increased at an annual rate of 9.9% in the summer quarter. Reduced savings in subsequent quarters reflects the impact of a weak economy upon the level of savings.

The weak economy has also altered government budgets. In calendar year 1982, receipts have been reduced by more than $16 billion because real economic growth has been slashed by 1.7%. The weak economy also increases government expenditures, especially in the transfer programs. However, the major reason for upward revisions in government expenditures is a more detailed analysis of the maturity structure of the federal debt. A 1 percentage point permanent increase in interest rates will raise interest payments by $4 billion the first year. By the end of two and a half years, the increase is nearly $10 billion.

Consumer prices have exceeded our already lofty expectations as home prices rose more sharply than we had anticipated. These higher housing prices are not expected to be reversed and, as a result, consumer prices have been projected to grow more rapidly than in our last forecast, but only by a small amount.

Stock prices declined more sharply than we had expected, but this is primarily because of higher interest rates than had been anticipated. With a weaker economy and higher long-term interest rates than in our previous forecast, our projections of equity values have been lowered. In some cases the adjustment is severe. On the other hand, downside risks in the stock market appear to be relatively small. Using our equity projections and current dividend yields, the expected after-tax return on equities is 9.3% for 1982. For long-term corporate bonds, we estimate an after-tax return for high bracket people of 11.4%. Those who purchased the All Savers certificate between October 1 and October 3 should be pleased with their investment.

Finally, monetary policy was much more restrictive than we had expected during the summer quarter. As measured by M1-B, money showed virtually no growth in the quarter. The contrast between strong economic activity and weak money growth must have been a contributing factor to sharply rising interest rates. Given the desire of the Federal Reserve to err on the side of tightness and given developing weakness in the economy, we have lowered our monetary growth factors for the forecast period. Our analysis would suggest, however, that a large portion of this reduced money growth will be used to restrict economic growth rather than to slow inflationary pressures. Of course, most traditional monetary economists would agree with this assessment early in 1982. Late in 1982, however, they would argue that a slowing money supply would lead to more significant slowing in prices. This might occur, but, our price analysis by sector provides no clues as to where that reduced inflationary pressure will develop.

Assumptions

As in most of our forecasts, many of the budgetary assumptions are reflected in Table 5 while many of the monetary assumptions are reflected in Table 6. The tax changes were outlined in detail in previous forecasts. They include the three year tax change on personal income, liberalization of the IRA and Keough accounts, a five year phase-in of estate tax exemptions, changes in gift tax exclusions, changes in the marriage tax penalty on 1982 and 1983 income and beyond, changes in the windfall profits tax provision, changes in the corporate tax rate on the first corporate bracket, changes in the capital consumption adjustment, and changes in social security taxes. We have further lowered the effective corporate tax rate to reflect the leaseback provisions in the Capital Cost Recovery Act. Anticipated tax loss from the all savers certificate was raised to $6 billion. The tax base for social security was changed from $31,800 to $32,400 in 1982 and from $33,900 to $34,900 in 1983. No increases in excise taxes, user fees, or other tax provisions were expected.

Other assumptions reflected in government expenditures included salary increases for civilians of 4.8% in October 1981 and 7.5% in October 1982. Military increases were 14.3% in October 1981 and 8.9% in October 1982. Military payrolls were expected to expand to 2,250,000 by the end of FY 1983, and civilian payrolls were expected to decline by 45,000 over the same period. No further increases in postal rates beyond the current twenty cents were anticipated. Previously assmed reductions in social security benefits for the minimum bracket were rescinded.

Despite the heavy bargaining calendar in 1982, no significant work actions were assumed. Prices of imported oil were expected to remain near $36 per barrel through 1982, and to increase by 10% in 1983.

Summary

All the evidence suggests that the economy entered a recession as early as August. Thus far, the recession appears to be gaining momentum. Weakness appears to be more widespread than during the 1980 recession. In addition to continuing weakness in housing and automobiles, weakness is developing throughout industrial materials and in capital equipment. An expected inventory correction during the third quarter did not materialize, and weak sales in that quarter have only intensified the inventory problem. If the tax reductions stimulate consumption, as we expect, the recession may be over by spring. However, such an outcome would lead to rising interest rates late in 1982 and to a long-term relationship between consumption and investment which does not solve any of our economy's long-term problems. A more severe slump accentuated by weak consumer activity could materialize, and in that case, interest rates would remain significantly lower than current levels. In either case, interest rates should fall significantly in the next few months, and inflationary pressures will probably continue to recede well into 1982 and possibly into 1983.

A forecast containing double-digit interest rates, budget deficits near $100 billion, and economic growth of 0%, 2%, and 0% in the 1980-1982 period clearly is unacceptable. What policy changes will be forthcoming to respond to these undesirable conditions cannot be anticipated. Nevertheless, some policy changes clearly are warranted.

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Economic Forecasting Project
November 1981

Table 1 Forecast of U.S. Expenditures for 1981-II Through 1983-III

	1981			1982				1983			Percent Change			Annual		
	II	III	IV	I	II	III	IV	I	II	III	80-81	81-82	82-83	1981	1982	1983
1. Personal Consumption Expenditures	1829.1	1888.6	1928.6	1970.1	2019.2	2067.8	2117.9	2170.5	2231.3	2292.0	11.4	9.6	10.6	1864.2	2043.8	2260.4
2. Auto and Parts	93.4	105.2	98.8	103.4	110.6	114.1	117.5	121.1	125.0	128.8	12.0	10.6	13.9	100.7	111.4	126.9
3. Other Durable Goods	133.9	134.8	135.8	136.5	137.7	138.9	141.2	144.0	146.6	149.0	10.2	3.1	6.6	134.4	138.6	147.8
4. Nondurable Goods	735.3	750.1	767.2	778.5	793.8	807.3	823.7	839.6	860.8	881.3	10.2	7.5	8.7	744.7	800.8	870.2
5. Services	866.5	898.6	926.8	951.7	977.1	1007.5	1035.5	1065.8	1098.9	1132.9	12.6	12.2	12.3	884.4	993.0	1115.5
6. Gross Private Domestic Investment	458.6	449.8	429.1	420.1	437.4	456.9	476.3	493.9	510.8	516.6	12.2	0.9	15.0	443.5	447.7	515.0
7. Residential Construction	110.7	101.4	94.5	95.0	99.1	107.5	116.7	126.3	129.5	130.8	0.5	-1.1	26.4	105.8	104.6	132.2
8. Other Structures	123.1	127.8	130.4	132.9	135.3	137.8	140.4	142.6	145.9	149.8	14.4	9.7	8.1	124.5	136.6	147.7
9. Producers' Durable Equipment	201.5	203.1	201.9	204.7	208.5	211.1	214.5	217.5	221.4	225.7	7.6	4.2	6.6	201.3	209.7	223.5
10. Change in Inventories	23.3	17.6	2.3	-12.5	-5.5	0.5	4.7	7.5	14.0	10.3	-	-	-	11.9	-3.2	11.6
11. Net Export of Goods and Services	20.8	18.0	19.3	18.6	17.2	19.9	16.3	10.3	13.9	15.3	-	-	-	21.8	18.0	13.0
12. Exports	368.2	362.8	366.0	372.8	379.2	385.1	394.0	403.1	416.6	429.1	7.7	4.6	10.2	366.1	382.8	422.0
13. Imports	347.5	344.8	346.7	354.2	362.0	365.2	377.7	392.8	402.7	413.8	8.8	0.7	12.2	344.3	364.8	409.3
14. Govt. Purchases of Goods and Services	577.4	590.5	609.5	623.8	637.4	652.1	673.8	689.8	707.8	726.1	10.1	9.9	11.1	588.5	646.8	718.5
15. Federal	219.5	227.7	240.6	247.0	252.8	259.7	272.2	279.5	287.5	295.7	14.3	13.5	13.7	227.3	257.9	293.2
16. National Defense	148.2	154.6	165.4	171.2	176.4	182.5	194.0	200.4	207.4	214.4	16.4	18.1	17.4	153.3	181.0	212.5
17. Other, including NASA	71.3	73.0	75.2	75.8	76.4	77.2	78.2	79.1	80.1	81.3	10.1	3.9	4.9	74.0	76.9	80.7
18. State and Local	357.9	362.9	368.9	376.8	384.6	392.4	401.6	410.3	420.3	430.4	7.6	7.7	9.4	361.2	388.9	425.4
19. Gross National Product	2885.8	2947.0	2986.5	3032.6	3111.2	3196.7	3284.3	3364.5	3463.8	3550.0	11.1	8.2	11.1	2918.[illegible]	3156.2	3506.4
20. Amount of Change	32.8	61.2	39.5	46.1	78.6	85.5	87.6	80.2	99.3	86.2	-	-	-	292.0	238.1	350.2
21. % Change (Ann. Rate)	4.7	8.8	5.5	6.3	10.8	11.5	11.4	10.1	12.3	10.3	-	-	-	11.1	8.2	11.1
22. % Real Change (Ann. Rate)	-1.6	-0.6	-3.6	-0.9	3.0	3.5	2.6	2.4	3.7	1.9	-	-	-	1.8	0.1	2.8
23. % Price Change (Ann. Rate)	6.4	9.4	9.4	7.2	7.6	7.7	8.6	7.6	8.3	8.3	-	-	-	9.2	8.0	8.0
24. Implicit Price Deflator	191.06	195.40	199.82	203.34	207.10	210.96	215.36	219.34	223.77	228.27	-	-	-	193.61	209.19	226.15
25. Change in Final Sales	15.8	68.8	54.8	60.9	71.6	79.5	83.4	77.4	92.8	89.9	-	-	-	274.2	253.2	335.4

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Table 2 Forecast of U.S. Real Expenditures by Quarter for 1981-II Through 1982-III

	1981			1982				1983			Percent Change			Annual		
	II	III	IV	I	II	III	IV	I	II	III	80-81	81-82	82-83	1981	1982	1983
1. Personal Consumption Expenditures	955.1	965.2	965.3	969.7	975.4	980.4	985.9	991.3	997.5	1003.7	2.8	1.7	2.3	961.4	977.9	1000.5
2. Durable Goods	137.4	142.4	137.5	138.5	140.8	141.2	142.2	143.3	144.5	145.5	3.8	-0.2	3.1	141.0	140.7	145.0
3. Nondurable Goods	367.0	368.2	370.7	371.7	372.2	373.4	375.1	376.1	377.5	379.3	0.7	1.5	1.4	367.6	373.1	378.5
4. Services	450.7	454.6	457.1	459.5	462.4	465.8	468.6	471.9	475.5	478.9	2.7	2.5	2.8	452.8	464.1	477.0
5. Gross Private Domestic Investment	219.7	214.4	199.8	191.1	196.1	201.8	206.1	210.1	213.9	212.5	3.9	-6.1	8.6	211.5	198.6	215.6
6. Res. Structures	47.8	43.2	39.8	39.4	40.4	43.1	46.0	48.9	49.3	49.0	-5.4	-7.3	18.2	45.5	42.2	49.9
7. Other Structures	50.4	51.3	51.4	51.2	51.0	50.9	50.8	50.6	50.8	51.1	4.8	0.6	-0.2	50.7	51.0	50.9
8. Producers' Durables	110.7	109.7	107.5	107.3	107.5	107.1	107.1	107.0	107.3	107.8	0.1	-2.7	0.4	110.1	107.1	107.5
9. Change in Inventories	10.8	10.3	1.1	-6.8	-2.8	0.7	2.2	3.6	6.5	4.6	-	-	-	5.2	-1.7	7.3
10. Net Export of Goods and Services	46.2	39.5	39.9	39.8	39.3	40.0	38.8	37.0	39.2	39.7	-	-	-	44.1	39.5	38.5
11. Exports	161.5	157.9	158.3	158.7	158.4	158.3	158.9	159.5	161.2	162.4	-0.6	-0.9	1.8	160.1	158.6	161.5
12. Imports	115.4	118.4	118.4	118.9	119.1	118.3	120.1	122.5	122.3	122.7	6.3	2.7	3.3	116.0	119.1	123.0
13. Govt. Purchases of Goods & Services	289.5	289.1	289.6	290.8	291.5	293.1	294.2	295.5	297.3	299.3	0.2	0.7	1.9	290.5	292.4	298.1
14. Federal	108.7	110.2	111.3	112.6	113.4	114.9	115.6	116.7	117.9	119.4	2.1	3.4	3.9	110.4	114.1	118.5
15. State & Local	180.7	178.9	178.3	178.2	178.1	178.2	178.6	178.8	179.4	179.9	-1.0	-1.0	0.7	180.1	178.3	179.6
16. Gross Nat. Product	1510.4	1508.2	1494.6	1491.4	1502.3	1515.3	1525.0	1533.9	1547.9	1555.2	1.8	0.1	2.8	1507.4	1508.5	1550.5
17. Final Demand	1499.6	1497.9	1493.5	1498.2	1505.1	1514.6	1522.8	1530.3	1541.4	1550.6	1.3	0.5	2.3	1502.2	1510.2	1545.3
18. Private Product	1328.6	1326.3	1314.8	1312.0	1323.1	1336.2	1345.7	1354.4	1367.9	1374.1	2.2	0.3	3.1	1325.7	1329.3	1370.1

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Table 3 Income Related U.S. GNP Components for 1981-II Through 1983-III

		1981			1982				1983			Percent Change			Annual		
		II	III	IV	I	II	III	IV	I	II	III	80-81	81-82	82-83	1981	1982	1983
1.	Compensation of Employees	1752.0	1790.0	1827.4	1868.2	1908.6	1954.3	2008.4	2060.1	2108.8	2156.4	11.1	9.1	10.4	1773.0	1934.9	2135.3
2.	Wage and Salary	1467.0	1498.1	1529.1	1558.5	1591.6	1629.3	1674.8	1714.3	1754.5	1793.9	10.5	8.7	10.1	1484.4	1613.7	1776.6
3.	Manufacturing	386.7	394.5	400.7	406.7	415.6	426.0	437.1	447.9	459.9	470.5	11.1	8.1	10.4	389.8	421.4	465.3
4.	Other Commodity-Producing Industries	121.4	125.9	125.0	125.8	128.5	133.6	137.3	141.3	143.9	147.2	8.2	5.8	11.1	124.1	131.3	145.9
5.	Distributive Industries	357.8	364.7	373.6	382.4	390.9	399.4	408.9	418.7	428.3	438.3	10.1	9.2	9.6	362.0	395.4	433.5
6.	Service Industries	330.5	338.2	345.5	354.9	363.6	372.3	381.4	391.7	402.2	412.5	13.0	10.1	10.6	334.2	368.1	407.2
7.	Military	33.7	33.9	39.0	39.4	39.8	40.1	43.8	44.2	44.4	44.5	15.1	16.6	11.3	35.0	40.8	45.4
8.	Civilian Government	236.8	240.9	245.3	249.3	253.2	257.9	266.3	270.5	275.8	280.9	7.2	7.3	8.8	239.2	256.7	279.3
9.	Supplements	285.1	291.9	298.3	309.7	317.0	325.0	333.6	345.8	354.3	362.5	14.2	11.3	11.6	288.7	321.3	358.7
10.	Proprietors' Income	134.1	135.4	131.9	127.7	130.9	133.4	132.6	134.9	137.4	139.9	2.2	-1.8	5.0	133.5	131.1	137.7
11.	Business & Professional	112.5	112.3	111.0	109.5	110.3	111.0	112.1	113.2	114.2	115.0	4.8	-1.4	3.5	112.3	110.7	114.6
12.	Farm	21.7	23.1	20.9	18.2	20.6	22.4	20.5	21.7	23.2	24.9	-9.4	-3.8	13.2	21.2	20.4	23.1
13.	Rental Income	33.3	33.9	34.5	35.2	36.0	36.9	37.8	38.7	39.7	40.8	5.7	8.6	10.1	33.6	36.5	40.2
14.	Net Interest	211.0	219.5	229.4	236.0	241.8	246.5	252.2	259.1	265.8	272.3	19.7	13.4	10.2	215.2	244.1	268.9
15.	Corporate Profits Adj.	190.3	188.9e	169.1	157.1	166.6	172.2	182.1	193.0	203.6	211.2	2.8	-9.7	22.6	187.8	169.5	207.8
16.	National Income	2320.9	2367.7e	2392.3	2424.2	2483.9	2543.3	2613.1	2685.8	2755.3	2820.6	10.4	7.4	10.9	2343.0	2516.1	2789.9
17.	Indirect Business Tax	249.4	253.3	258.0	263.7	268.9	274.1	279.8	287.1	294.7	302.4	18.5	7.9	9.8	251.6	271.6	298.2
18.	Capital Consumption Adj.	64.9	64.8	65.1	55.1	56.5	57.7	59.1	51.2	52.8	53.7	2.2	-11.5	-6.8	64.5	57.1	53.2
19.	Capital Consumption Allw.	251.9	261.2	270.0	290.3	298.7	307.9	316.4	334.3	343.6	352.9	14.5	18.2	14.9	256.6	303.3	348.4
20.	Business Transfers	11.5	11.8	12.2	12.5	12.9	13.3	13.7	14.2	14.6	15.1	11.4	12.0	13.7	11.7	13.1	14.9
21.	Net. Govt. Subsidies	-5.7	-5.3	-4.2	-3.7	-3.2	-3.2	-2.1	-1.1	-0.8	-0.6	-	-	-	-5.0	-3.1	-0.7
22.	Statistical Discrepancy	-6.9	-6.5e	-6.9	-9.5	-6.5	3.6	4.3	-7.0	3.6	5.9	-	-	-	-4.2	-2.0	2.4
23.	Gross National Product	2885.8	2947.0	2986.5	3032.6	3111.2	3196.7	3284.3	3364.5	3463.8	3550.0	11.1	8.2	11.1	2918.2	3156.1	3506.3

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Table 4 Derivation of U.S. Personal Income for 1981-II Through 1983 III

	1981			1982				1983			Percent Change			Annual		
	II	III	IV	I	II	III	IV	I	II	III	81-80	82-81	83-82	1981	1982	1983
1. National Income	2320.9	2367.7e	2392.3	2424.2	2483.9	2543.3	2613.1	2685.8	2755.3	2820.6	10.4	7.4	10.9	2343.0	2516.1	2789.9
2. Less: Corp. Profits Adj.	190.3	188.9e	169.1	157.1	166.6	172.2	182.1	193.0	203.6	211.2	2.8	-10.8	22.6	187.8	169.5	207.8
3. Less: Social Insurance	236.3	240.5	243.7	256.5	261.3	266.9	273.6	287.6	293.7	299.7	17.1	10.9	12.3	238.6	264.6	297.1
4. Plus: Govt. Transfers	312.7	330.9	336.1	338.4	341.5	358.4	360.7	362.6	365.9	381.2	13.5	8.6	6.7	322.0	349.8	373.3
5. Old Age, Survivors, etc	172.0	188.5	191.6	192.9	194.6	210.5	212.5	214.4	216.4	230.2	17.4	12.2	10.2	180.5	202.6	223.3
6. Unemployment Benefits	15.6	14.8	17.0	18.0	19.0	18.9	18.7	18.9	19.1	19.2	-1.3	18.4	1.6	18.8	18.7	19.0
5. Veterans' Benefits	15.9	15.9	15.8	15.9	15.8	15.9	15.8	15.7	15.7	15.8	6.0	0.0	-1.3	15.9	15.9	15.7
8. Employees' Retirement	48.5	48.9	49.5	50.3	51.3	52.0	53.4	54.0	55.2	55.8	13.1	7.0	7.3	48.4	51.8	55.6
9. A.F.D.C.	13.6	13.9	13.7	13.6	13.5	13.6	13.5	13.6	13.6	13.9	9.7	0.0	0.7	13.6	13.6	13.7
10. Other	47.1	48.9	48.5	47.7	47.3	47.5	46.8	46.0	45.9	46.3	9.4	-1.3	-2.8	47.9	47.3	46.0
11. Plus: Business Transfers	11.5	11.8	12.2	12.5	12.9	13.3	13.7	14.2	14.6	15.1	11.4	12.0	13.7	11.7	13.1	14.9
12. Plus: Interest Transfers	89.9	96.3	102.1	105.5	107.3	108.8	109.5	111.5	114.8	117.9	23.0	14.6	7.3	94.1	107.8	115.7
13. Plus: Dividends	60.2	63.0	64.4	66.5	68.4	70.6	72.9	75.1	77.2	79.4	12.9	13.4	12.6	61.4	69.6	78.4
14. Personal Income	2368.5	2440.0	2494.3	2533.5	2586.1	2655.3	2714.2	2768.6	2830.5	2888.2	11.4	9.0	9.1	2405.7	2622.3	2859.9
15. Less: Personal Taxes Payments	382.9	399.9	395.6	404.6	415.6	399.9	412.9	426.6	442.3	425.6	14.5	5.3	6.2	387.6	408.3	433.5
16. Disposable Personal Inc.	1985.6	2040.1	2098.7	2128.9	2170.5	2255.4	2301.3	2342.0	388.2	2462.6	10.8	9.7	9.6	2018.1	2214.0	2426.4
17. Less: Consumption	1829.1	1888.6	1928.6	1970.1	2019.2	2067.8	2117.9	2170.5	2231.3	2292.0	11.4	9.6	10.6	1864.1	2043.8	2260.3
18. Other Outlays	49.9	51.3	52.8	53.7	54.6	55.6	56.8	57.6	59.0	60.4	6.5	8.9	8.2	50.7	55.2	59.7
19. Personal Savings	106.6	100.2	117.3	105.1	96.7	132.0	126.6	113.9	97.9	110.2	2.0	11.4	-7.7	103.3	115.1	106.9
20. Savings Rate (%)	5.4	4.9	5.6	4.9	4.5	5.9	5.5	4.9	4.1	4.5	-	-	-	5.1	5.2	4.4

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Table 5 U.S. Federal Government Activity for 1981-II Through 1983-III

	1981			1982				1983			Percent Change			Annual		
	II	III	IV	I	II	III	IV	I	II	III	80-81	81-82	82-83	1981	1982	1983
1. Government Receipts	621.0	636.2e	627.9	640.6	655.2	644.1	663.0	689.2	711.2	698.2	15.7	4.0	8.2	625.6	650.7	704.3
2. Personal Tax & Receipts	293.2	306.6	299.3	306.0	314.4	295.5	305.5	316.2	328.8	309.0	14.7	3.3	4.3	295.6	305.4	318.4
3. Corporate Profits Tax	64.8	64.9e	60.4	53.3	55.6	58.3	60.9	62.1	65.4	65.9	-6.0	-16.1	15.1	66.2	57.0	65.6
4. Indirect Business Tax	62.6	61.1	62.3	63.9	64.3	65.1	66.0	67.9	69.5	71.1	52.0	5.0	8.2	61.7	64.8	70.1
5. Contributions for Social Security	200.4	203.6	205.9	217.4	220.9	225.2	230.6	243.0	247.5	252.2	17.4	10.5	11.9	202.2	223.5	250.2
6. Government Expenditures	668.2	696.5	716.9	725.7	732.8	755.6	766.8	774.2	786.7	810.5	14.0	8.6	7.2	686.4	745.2	798.5
7. Purchases of Goods and Services	219.5	227.7	240.6	247.0	252.8	259.7	272.2	279.5	287.5	295.7	14.3	13.4	13.7	227.4	257.9	293.2
8. Defense	148.2	154.6	165.4	171.2	176.4	182.5	194.0	200.4	207.4	214.4	16.5	18.0	17.4	153.4	181.0	212.5
9. Wage Compensation	57.8	58.4	64.7	65.3	65.9	66.3	71.7	72.3	72.7	72.8	12.9	12.9	10.1	59.6	67.3	74.1
10. Other	90.4	96.2	100.7	105.9	110.5	116.2	122.3	127.1	134.7	141.6	18.9	21.2	21.7	93.8	113.7	138.4
11. Non Defense	71.3	73.0	75.2	75.8	76.4	77.2	78.2	79.1	80.1	81.3	10.1	3.9	4.9	74.0	76.9	80.7
12. Wage Compensation	30.4	30.1	30.9	30.9	31.0	30.9	32.5	32.6	32.7	32.7	4.8	2.6	5.8	30.5	31.3	33.1
13. Other	40.9	42.9	44.3	44.9	45.4	46.3	45.7	46.5	47.4	48.6	14.2	4.8	4.4	43.5	45.6	47.6
14. Transfer Payments	274.8	292.1	296.4	297.6	299.6	315.8	317.3	318.4	321.1	335.8	13.6	8.4	6.7	283.8	307.6	328.2
15. Grants-in-Aid to State and Local Government	89.6	87.0	85.1	83.9	82.5	81.2	79.6	78.0	77.6	76.1	0.0	-7.6	-6.8	88.0	81.8	76.6
16. Net Interest Paid	70.4	76.2	81.8	84.5	85.4	86.1	85.7	86.9	89.0	91.2	38.8	15.4	4.8	74.0	85.4	89.5
17. Deficit of Government Enterprises	13.9	13.8	13.0	12.7	12.5	12.8	12.0	11.4	11.5	11.7	10.8	-6.4	-9.6	13.3	12.5	11.4
18. Federal Surplus	-47.2	-60.3e	-89.0	-85.1	-77.6	-111.5	-103.8	-85.0	-75.5	-112.3	-	-	-	-60.8	-94.5	-94.2
19. Federal Debt Held by Individuals	651.3	665.2	700.2	744.9	749.4	776.1	813.5	861.6	865.9	893.0	13.6	16.2	15.1	700.2	813.5	936.0
20. Total Government Surplus	-11.1	-22.1e	-52.4	-52.1	-45.0	-78.7	-72.6	-53.7	-43.1	-80.7	-	-	-	-23.8	-62.1	-63.0

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Table 6 Selected Economic Variables of the U.S. Economy for 1981-II Through 1983-III

		1981			1982				1983			Percent Change			Annual		
		II	III	IV	I	II	III	IV	I	II	III	80-81	81-82	82-83	1981	1982	1983
1.	Changes in Private Wage Comp/Worker Hr. (Ann)	9.5	9.1	8.4	9.8	8.9	9.0	8.8	9.6	8.8	8.8	9.9	9.1	9.0	--	--	--
2.	Changes in Output Per Worker Hr.-Private Econ.	0.6	-1.3	-2.6	-0.7	2.9	2.5	1.2	1.0	2.7	0.8	0.7	0.1	1.6	--	--	--
3.	Changes in Implicit Unit Labor Costs, Private	8.8	10.5	11.3	10.6	5.8	6.3	7.5	8.6	6.0	7.9	9.1	8.9	7.3	--	--	--
4.	Changes in Adj. Price Deflator, Priv. Econ.	6.0	9.5	8.9	7.6	7.3	7.6	8.2	7.5	8.3	8.4	9.2	8.0	7.9	--	--	--
5.	Consumer Price Index	269.0	276.7	282.9	287.9	292.5	297.6	303.2	309.4	316.7	323.7	10.6	8.2	8.3	272.9	295.3	319.9
6.	Industrial Commod. (PPI)	304.3	306.7	312.3	317.5	323.6	329.2	336.0	343.2	353.3	361.1	13.6	7.2	9.2	304.7	326.7	356.6
7.	After Tax Corp. Profits	152.7	153.1e	139.1	121.7	129.4	137.2	145.1	150.3	161.5	166.7	10.9	-13.0	22.7	153.5	133.4	163.7
8.	Inventory Profits (Corp)	24.0	27.2	28.3	23.7	24.6	29.9	31.0	33.9	38.5	36.6	-35.0	-17.2	49.2	29.7	24.6	36.7
9.	Genuine Profits	113.9	112.5e	98.1	94.8	101.3	103.5	110.0	119.2	125.5	132.4	9.6	-7.0	26.5	110.0	102.4	129.5
10.	Mean Closing-Dow Jones	993.6	907.6	874.8	893.1	924.6	935.2	949.1	1048.9	1097.5	1121.0	5.0	-1.1	19.0	935.2	925.5	1101.3
11.	Mean Closing-NY Comp.	76.89	73.73	71.45	72.48	75.62	77.13	78.96	89.43	95.82	97.87	9.3	8.7	13.9	74.37	84.13	95.83
12.	Monetary Base	166.6	168.2	169.5	171.7	174.7	177.9	181.1	183.6	186.8	189.5	6.6	5.6	6.7	167.0	176.4	188.2
13.	Checkable Deposits	311.7	310.5	315.7	317.0	324.1	326.9	332.0	335.3	340.6	343.7	8.2	4.6	5.3	310.7	325.0	342.2
14.	Money Supply (M1-B)	431.3	431.5	437.6	440.7	449.8	455.2	462.8	468.1	475.8	481.2	6.9	5.0	5.9	430.6	452.1	478.6
15.	Velocity of M-1B	6.574	6.708	6.708	6.766	6.802	6.908	6.983	7.073	7.164	7.257	4.1	3.1	5.0	6.656	6.865	7.208
16.	M-2	1743.6	1774.6	1812.6	1844.0	1892.3	1930.4	1979.2	2017.2	2068.6	2113.2	9.6	21.3	9.4	1757.3	1911.5	2091.4
17.	Velocity of M-2	1.626	1.631	1.620	1.617	1.617	1.629	1.633	1.641	1.648	1.653	1.6	-0.5	1.6	1.632	1.624	1.650
18.	Federal Funds	17.78	17.58	14.47	12.29	13.46	15.78	17.45	14.96	15.25	17.11	24.3	-11.2	12.3	16.60	14.75	16.56
19.	Prime Rate	18.93	20.32	16.93	15.01	14.88	18.13	20.45	17.21	17.82	19.46	23.4	-9.2	11.6	18.85	17.12	19.11
20.	6 mos. T-Bills	14.24	15.06	12.75	11.42	11.89	13.15	14.02	13.11	13.43	13.65	16.7	-9.5	8.5	13.93	12.62	13.69
21.	Seasoned AAA Corp.	13.98	14.92	15.13	14.43	14.41	14.62	15.01	14.43	14.45	14.76	25.8	2.2	0.5	14.30	14.62	14.70
22.	Savings Capital S&L	517.1	513.6	517.2	524.3	532.3	539.5	543.8	552.1	558.6	561.3	5.6	3.7	4.6	515.9	535.0	559.5
23.	Mortgages Outstanding S&L	512.0	518.0	523.2	527.7	535.0	543.5	550.4	556.3	563.1	568.7	5.9	4.8	5.0	514.7	539.2	566.0
24.	Housing Starts	1170	966	982	1015	1140	1241	1388	1447	1436	1421	-12.8	6.1	23.2	1127	1196	1473
25.	Single Family Starts	786	639	640	662	754	839	961	1001	1009	1013	-13.8	9.4	30.1	735	804	1046
26.	Unit Auto Sales	7.80	9.13	7.95	8.40	90.5	9.15	9.32	9.45	9.60	9.72	-2.4	12.8	7.7	8.77	8.98	9.67
27.	Civ Employment	98.87	98.73	98.46	98.63	98.87	99.15	99.61	99.96	100.36	100.66	1.3	0.6	1.5	98.52	99.07	100.53
28.	Unemployment Rate	7.4	7.2	8.1	8.3	8.5	8.5	8.4	8.4	8.4	8.3	18.3	0.0	-1.2	7.5	8.4	8.3
29.	Ind. Prod. Index	152.5	153.1	150.4	149.0	150.3	152.0	153.5	153.9	156.3	156.0	3.3	-0.6	3.2	152.0	151.2	156.0
30.	Asset Consumption	3.050	2.949	2.901	2.908	2.910	2.898	2.882	2.957	2.965	2.937	-4.6	-3.0	1.6	2.986	2.900	2.945

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Table 7 Changes in Outlook on Significant Variables

		1981			1982				1983		
		II	III	IV	I	II	III	IV	I	II	III
1.	Gross National Product										
2.	Available August 1981	2881.0									
3.	Available November 1981	2885.8	2947.0								
4.	Forecast November 1981			2986.5	3032.6	3111.2	3196.7	3284.3	3364.5	3463.8	3550.0
5.	Forecast August 1981		2915.6	2992.4	3076.5	3165.4	3249.4	3558.9	3443.2	3520.2	
6.	Forecast May 1981	2909.3	2982.1	3062.2	3157.0	3265.5	3362.5	3468.8	3552.2		
7.	Forecast February 1981	2870.4	2970.5	3079.4	3177.5	3262.4	3354.0	3449.6			
8.	Forecast November 1980	2807.3	2882.2	2983.3	3077.1	3165.2	3245.0				
9.	Forecast August 1980	2788.1	2872.6	2971.8	3048.4	3124.7					
10.	Forecast May 1980	2767.4	2850.5	2935.8	3014.4						
11.	Forecast February 1980	2825.3	2901.3	2981.9							
12.	Forecast November 1979	2747.7	2817.5								
13.	Implicit Price Deflator										
14.	Available August 1981	190.91									
15.	Available November 1981	191.06	195.40								
16.	Forecast November 1981			199.82	203.34	207.10	210.96	215.36	219.34	223.77	228.27
17.	Forecast August 1981		194.46	198.83	202.79	206.40	210.47	214.75	218.70	223.19	
18.	Forecast May 1981	191.51	195.51	199.67	204.02	208.33	212.49	216.76	220.95		
19.	Forecast February 1981	192.90	197.38	202.11	206.34	210.19	214.46	219.23			
20.	Forecast November 1980	196.14	199.88	204.49	208.67	212.67	216.41				
21.	Forecast August 1980	194.43	198.30	202.27	206.48	210.27					
22.	Forecast May 1980	194.07	198.10	202.36	206.45						
23.	Forecast February 1980	194.45	197.95	202.34							
24.	Forecast November 1979	192.48	196.23								
25.	GNP in 1972 Dollars										
26.	Available August 1981	1509.1									
27.	Available November 1981	1510.4	1508.2								
28.	Forecast November 1981			1494.6	1491.4	1502.3	1515.3	1525.0	1533.9	1547.9	1555.2
29.	Forecast August 1981		1499.3	1505.0	1517.1	1533.6	1543.9	1564.1	1574.4	1577.2	
30.	Forecast May 1981	1519.1	1525.3	1533.6	1547.4	1567.5	1582.4	1600.3	1607.3		
31.	Forecast February 1981	1488.0	1505.0	1523.6	1539.9	1552.1	1563.9	1573.5			
32.	Forecast November 1980	1431.3	1442.0	1458.9	1474.6	1489.0	1499.5				
33.	Forecast August 1980	1434.0	1448.6	1468.5	1476.4	1486.0					
34.	Forecast May 1980	1426.0	1438.9	1450.8	1460.1						
35.	Forecast February 1980	1453.0	1465.7	1473.7							
36.	Forecast November 1979	1427.5	1435.8								

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Table 7 (2) Change in Outlook on Significant Variables

		1981			1982				1983		
		II	III	IV	I	II	III	IV	I	II	III
37.	Personal Consumption										
38.	Available August 1981	1830.3									
39.	Available November 1981	1829.1	1888.6								
40.	Forecast November 1981			1928.6	1970.1	2019.2	2067.8	2117.9	2170.5	2231.3	2292.0
41.	Forecast August 1981		1876.8	1926.8	1971.4	2021.2	2074.3	2136.4	2192.8	2255.9	
42.	Forecast May 1981	1843.4	1891.6	1942.0	2004.1	2062.1	2118.0	2178.4	2244.8		
43.	Forecast February 1981	1841.4	1894.2	1952.9	2011.7	2064.9	2120.9	2180.3			
44.	Forecast November 1980	1829.9	1880.5	1933.7	1984.7	2034.0	2086.1				
45.	Forecast August 1980	1799.9	1856.6	1918.4	1973.7	2030.0					
46.	Forecast May 1980	1792.7	1839.2	1877.0	1934.7						
47.	Forecast February 1980	1838.1	1887.0	1941.4							
33.	Forecast November 1979	1759.5	1802.7								
49.	Gross Private Dom. Invest.										
50.	Available August 1981	453.8									
51.	Available November 1981	458.6	449.8								
52.	Forecast November 1981			429.1	420.1	437.4	456.9	476.3	493.9	510.8	516.6
53.	Forecast August 1981		431.5	435.2	459.7	484.2	504.4	534.5	548.6	542.5	
54.	Forecast May 1981	435.3	444.7	469.5	487.5	521.6	541.2	568.8	574.9		
55.	Forecast February 1981	418.7	441.7	470.5	496.7	518.0	531.3	541.9			
56.	Forecast November 1980	404.3	419.2	448.1	476.1	504.3	519.2				
57.	Forecast August 1980	417.5	433.2	459.2	471.2	479.1					
58.	Forecast May 1980	414.3	439.4	458.8	476.6						
59.	Forecast February 1980	427.6	446.4	453.5							
60.	Forecast November 1979	424.0	440.4								
61.	Government Purchases of Goods and Services										
62.	Available August 1981	577.6									
63.	Available November 1981	577.4	590.5								
64.	Forecast November 1981			609.5	623.8	637.4	652.1	673.8	689.8	707.8	726.1
65.	Forecast August 1981		585.5	605.6	620.6	636.5	652.5	673.0	690.3	707.1	
66.	Forecast May 1981	589.1	604.7	623.5	638.2	655.1	671.5	694.9	711.9		
67.	Forecast February 1981	584.5	598.6	622.6	637.1	652.5	669.4	693.9			
68.	Forecast November 1980	576.9	586.8	609.2	622.7	635.7	649.7				
69.	Forecast August 1980	575.0	587.8	607.2	621.6	635.7					
70.	Forecast May 1980	575.6	586.9	604.9	617.8						
71.	Forecast February 1980	569.9	581.7	599.9							
72.	Forecast November 1979	560.1	570.1								

Table 7(3) Changes in Outlook on Significant Variables

		1981			1982				1983		
		II	III	IV	I	II	III	IV	I	II	III
73.	Corporate Profits										
74.	Available August 1981	181.2e									
75.	Available November 1981	190.3	188.9e								
76.	Forecast November 1981			169.1	157.1	166.6	172.2	182.1	193.0	203.6	211.2
77.	Forecast August 1981		170.4	174.6	183.6	193.1	201.1	212.5	215.6	216.5	
78.	Forecast May 1981	193.4	197.5	203.3	211.1	219.5	227.6	239.0	244.3		
79.	Forecast February 1981	173.3	189.0	201.7	219.1	225.4	231.2	235.7			
80.	Forecast November 1980	180.2	191.8	206.1	221.1	230.2	234.1				
81.	Forecast August 1980	178.0	187.0	202.1	216.5	222.7					
82.	Forecast May 1980	165.1	173.7	187.1	198.6						
83.	Forecast February 1980	174.1	184.1	190.6							
84.	Forecast November 1979	172.9	178.4								
85.	Disposable Personal Income										
86.	Available August 1981	1985.4									
87.	Available November 1981	1985.6	2040.1								
88.	Forecast November 1981			2098.7	2128.9	2170.5	2255.4	2301.3	2342.0	2388.2	2462.6
89.	Forecast August 1981		2035.2	2095.7	2134.9	2181.2	2269.2	2323.6	2364.7	2409.3	
90.	Forecast May 1981	1994.2	2058.0	2104.2	2171.7	2224.9	2290.0	2342.9	2418.2		
91.	Forecast February 1981	1982.4	2079.7	2135.7	2214.2	2268.1	2334.1	2388.2			
92.	Forecast November 1980	1959.0	2019.6	2074.7	2156.4	2214.1	2278.8				
93.	Forecast August 1980	1956.7	2015.4	2065.6	2132.9	2179.5					
94.	Forecast May 1980	1922.3	1981.6	2014.7	2098.8						
95.	Forecast February 1980	1952.2	2010.0	2059.8							
96.	Forecast November 1979	1901.3	1957.1								
97.	Personal Savings										
98.	Available August 1981	106.0									
99.	Available November 1981	106.6	100.2								
100.	Forecast November 1981			117.3	105.1	96.7	132.0	126.6	113.9	97.9	110.2
101.	Forecast August 1981		108.9	118.6	112.5	108.1	141.9	133.1	117.1	97.7	
102.	Forecast May 1981	100.4	114.9	109.4	114.0	108.2	116.3	107.2	115.5		
103.	Forecast February 1981	91.6	135.2	131.7	150.4	145.3	159.3	153.1			
104.	Forecast November 1980	85.7	94.8	95.5	125.1	132.4	143.7				
105.	Forecast August 1980	111.5	112.2	99.2	109.8	98.7					
106.	Forecast May 1980	80.8	92.3	76.1	111.3						
107.	Forecast February 1980	62.4	69.8	63.5							
108.	Forecast November 1979	90.5	101.4								

Table 7 (4) Changes in Outlook on Significant Variables

		1981			1982				1983		
		II	III	IV	I	II	III	IV	I	II	III
109.	**Federal Govt. Receipts**										
110.	Available August 1981	624.6e									
111.	Available November 1981	621.0	636.2e								
112.	Forecast November 1981			627.9	640.6	655.2	644.1	663.0	689.2	711.2	698.2
113.	Forecast August 1981		631.1	634.0	651.9	672.0	660.9	684.9	707.7	727.9	
114.	Forecast May 1981	636.7	654.3	673.5	668.7	689.7	711.9	738.3	729.6		
115.	Forecast February 1981	611.7	604.7	628.4	628.8	650.8	673.5	694.1			
116.	Forecast November 1980	586.3	606.5	626.7	621.1	642.2	664.1				
117.	Forecast August 1980	594.2	616.4	640.2	642.3	663.3					
118.	Forecast May 1980	615.1	633.8	655.6	662.5						
119.	Forecast February 1980	619.7	643.8	669.5							
120.	Forecast November 1979	581.6	599.6								
121.	**Federal Govt. Expenditures**										
122.	Available August 1981	669.4									
123.	Available November 1981	668.2	695.5								
124.	Forecast November 1981			716.9	725.7	732.8	755.6	766.8	774.2	786.7	810.5
125.	Forecast August 1981		695.1	707.7	712.5	721.4	744.4	754.0	762.9	773.3	
126.	Forecast May 1981	677.3	708.0	712.7	715.1	722.4	746.8	757.1	766.4		
127.	Forecast February 1981	663.1	699.2	716.6	725.8	735.0	764.9	784.8			
128.	Forecast November 1980	649.4	678.3	695.7	705.3	715.4	739.6				
129.	Forecast August 1980	652.3	677.6	695.2	707.7	718.1					
130.	Forecast May 1980	650.8	678.4	695.7	709.3						
131.	Forecast February 1980	647.7	675.7	694.4							
132.	Forecast November 1979	633.0	657.2								
133.	**Surplus for ALL Governments**										
134.	Available August 1981	-10.0e									
135.	Available November 1981	-11.1	-22.1e								
136.	Forecast November 1981			-52.4	-52.1	-45.0	-78.7	-72.6	-53.7	-43.1	-80.7
137.	Forecast August 1981		-28.7	-39.7	-29.1	-17.9	-51.5	-35.9	-21.8	-11.1	
138.	Forecast May 1981	-5.1	-19.2	-7.8	-13.7	1.1	-1.6	15.6	-0.2		
139.	Forecast February 1981	-19.1	-58.2	-50.5	-57.0	-43.7	-50.6	-49.6			
140.	Forecast November 1980	-35.1	-42.5	-38.1	-50.7	-38.2	-38.0				
141.	Forecast August 1980	-32.0	-33.9	-25.0	-35.0	-23.2					
142.	Forecast May 1980	-12.4	-21.2	-16.5	-23.6						
143.	Forecast February 1980	6.0	3.8	13.8							
144.	Forecast November 1979	-26.3	-29.6								

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Table 7 (5) Changes in Outlook on Significant Variables

	1981			1982				1983		
	II	III	IV	I	II	III	IV	I	II	III
145. Consumer Price Index										
146. Actual	269.0	276.7								
147. Forecast November 1981			282.9	287.9	292.5	297.6	303.2	309.4	316.7	323.7
148. Forecast August 1981		275.6	280.3	285.1	290.5	295.7	301.7	307.6	314.3	
149. Forecast May 1981	269.6	275.8	281.9	288.9	295.1	300.6	306.9	314.7		
150. Forecast February 1981	272.9	278.6	284.9	291.7	298.9	305.8	313.0			
151. Forecast November 1980	271.9	277.3	283.3	289.2	295.5	301.0				
152. Forecast August 1980	267.1	273.1	279.0	285.6	292.3					
153. Forecast May 1980	268.0	274.2	279.7	286.5						
154. Forecast February 1980	268.4	274.6	281.0							
155. Forecast November 1979	265.0	271.1								
156. After Tax Profits										
157. Available August 1981	144.3e									
158. Available November 1981	152.7	153.1e								
159. Forecast November 1981			139.1	121.7	129.4	137.2	145.1	150.3	161.5	166.7
160. Forecast August 1981		135.1	139.1	136.3	141.7	150.4	157.3	154.8	162.6	
161. Forecast May 1981	166.2	164.2	165.8	165.7	168.1	175.0	181.6	181.6		
162. Forecast February 1981	140.3	147.3	153.0	163.4	172.0	177.0	178.9			
163. Forecast November 1980	134.7	144.6	148.6	159.5	164.5	171.2				
164. Forecast August 1980	137.4	147.1	155.2	167.4	174.7					
165. Forecast May 1980	134.9	142.1	149.6	162.7						
166. Forecast February 1980	134.6	141.7	149.4							
167. Forecast November 1979	135.5	139.3								
168. Mean Dow-Jones Closing Avg.										
169. Actual	993.6	907.6								
170. Forecast November 1981			874.8	893.1	924.6	935.2	949.1	1048.9	1097.5	1121.0
171. Forecast August 1981		962.4	954.6	995.2	1064.7	1095.3	1101.7	1152.7	1155.6	
172. Forecast May 1981	946.3	940.7	990.0	1066.7	1137.7	1249.0	1225.4	1247.2		
173. Forecast February 1981	955.8	1064.1	1119.3	1162.4	1160.3	1182.8	1116.4			
174. Forecast November 1980	964.5	1073.4	1109.7	1156.3	1157.9	1120.2				
175. Forecast August 1980	1052.3	1071.8	1070.0	1179.4	1186.6					
176. Forecast May 1980	976.4	1042.5	1021.2	1103.5						
177. Forecast February 1980	1072.3	1141.2	1121.5							
178. Forecast November 1979	1011.1	968.7								

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Table 7 (6) **Changes in Outlook on Significant Variables**

		1981			1982				1983		
		II	III	IV	I	II	III	IV	I	II	III
179.	Treasury Bill Rate										
180.	Actual	14.24	15.06								
181.	Forecast November 1981			12.75	11.42	11.89	13.15	14.02	13.11	13.43	13.65
182.	Forecast August 1981		14.42	13.95	13.26	12.85	13.78	14.02	13.61	12.76	
183.	Forecast May 1981	14.67	13.92	12.95	12.46	11.16	10.27	10.51	11.39		
184.	Forecast February 1981	11.46	10.76	11.26	11.72	13.06	12.86	13.05			
185.	Forecast November 1980	11.46	8.63	9.76	10.39	11.04	12.41				
186.	Forecast August 1980	7.96	8.41	9.62	8.79	9.05					
187.	Forecast May 1980	8.45	8.52	9.03	9.38						
188.	Forecast February 1980	8.96	8.69	8.92							
189.	Forecast November 1979	7.63	7.89								
190.	Housing Starts										
191.	Actual	1.170	0.966								
192.	Forecast November 1981			0.982	1.015	1.140	1.241	1.388	1.447	1.436	1.421
193.	Forecast August 1981		1.040	1.198	1.359	1.414	1.566	1.522	1.513	1.499	
194.	Forecast May 1981	1.172	1.325	1.371	1.509	1.615	1.659	1.658	1.500		
195.	Forecast February 1981	1.343	1.462	1.475	1.819	1.526	1.705	1.612			
196.	Forecast November 1980	1.419	1.516	1.648	1.787	1.877	1.849				
197.	Forecast August 1980	1.653	1.768	1.892	1.966	2.017					
198.	Forecast May 1980	1.711	1.960	1.993	2.217						
199.	Forecast February 1980	1.649	1.785	1.770							
200.	Forecast November 1979	1.645	1.786								
201.	Unemployment Rate										
202.	Actual	7.4	7.2								
203.	Forecast November 1981			8.1	8.3	8.5	8.5	8.4	8.4	8.4	8.3
204.	Forecast August 1981		7.6	7.9	7.9	7.9	7.8	7.6	7.5	7.6	
205.	Forecast May 1981	7.3	7.2	7.2	7.0	7.0	6.9	6.8	6.6		
206.	Forecast February 1981	7.6	7.7	7.6	7.5	7.4	7.3	7.2			
207.	Forecast November 1980	7.9	7.9	7.8	7.7	7.5	7.3				
208.	Forecast August 1980	8.3	8.3	8.1	8.0	7.9					
209.	Forecast May 1980	8.3	8.2	8.1	8.1						
210.	Forecast February 1980	6.8	6.7	6.7							
211.	Forecast November 1979	8.0	7.8								

Table 7 (7) Changes in Outlook on Significant Variables

		1981			1982				1983		
		II	III	IV	I	II	III	IV	I	II	III
212.	Civilian Employment										
213.	Actual	98.87	98.73								
214.	Forecast November 1981			98.46	98.63	98.87	99.15	99.61	99.96	100.36	100.66
215.	Forecast August 1981		98.65	98.92	99.27	99.77	100.12	100.89	101.46	101.86	
216	Forecast May 1981	98.74	99.29	99.84	100.52	101.23	101.79	102.55	103.14		
217.	Forecast February 1981	97.92	98.33	98.91	99.51	100.09	100.65	101.36			
218.	Forecast November 1980	98.26	98.88	99.35	99.93	100.54	101.27				
219.	Forecast August 1980	98.09	98.71	99.36	99.96	100.51					
220.	Forecast May 1980	97.68	98.13	98.69	99.23						
221.	Forecast February 1980	99.58	100.13	100.64							
222.	Forecast November 1979	97.63	98.32								
223.	Money Supply										
224.	Actual	431.3	431.5								
225.	Forecast November 1981			437.6	440.7	449.8	455.2	462.8	468.1	475.8	481.2
226.	Forecast August 1981		434.1	441.2	448.8	455.5	464.6	469.0	476.3	483.0	
227.	Forecast May 1981	431.2	434.9	442.2	447.2	459.1	467.9	478.7	482.1		
228.	Forecast February 1981	423.8	433.3	445.4	455.2	460.2	467.8	476.1			
229.	Forecast November 1980	424.2	432.9	443.1	454.3	465.3	473.2				
230.	Forecast August 1980	417.8	425.8	433.0	440.7	448.0					
231.	Forecast May 1980	415.4	423.1	429.4	437.3						
232.	Forecast February 1980	416.8	427.1	437.3							
233.	Forecast November 1979	413.8	419.6								
234.	Industrial Production										
235.	Actual	152.5	153.1								
236.	Forecast November 1981			150.4	149.0	150.3	152.0	153.5	153.9	156.3	156.0
237.	Forecast August 1981		150.3	149.8	151.9	154.5	155.7	158.8	160.1	159.5	
238.	Forecast May 1981	153.2	153.2	154.8	156.5	160.9	163.0	166.2	165.6		
239.	Forecast February 1981	147.2	151.3	157.4	162.0	164.8	166.5	167.6			
240.	Forecast November 1980	143.4	144.5	147.2	149.5	151.8	153.0				
241.	Forecast August 1980	146.6	148.5	151.8	152.0	152.7					
242.	Forecast May 1980	150.3	152.6	154.6	156.1						
243.	Forecast February 1980	150.1	151.5	153.5							
244.	Forecast November 1979	150.9	151.8								
245.	Seasoned Aaa Corporate Bonds										
246.	Actual	13.98	14.92								
247.	Forecast November 1981			15.13	14.43	14.41	14.62	15.01	14.43	14.45	14.76
248.	Forecast August 1981		14.34	14.17	13.89	13.66	13.82	14.11	13.95	13.80	
249.	Forecast May 1981	14.35	14.01	13.68	13.27	12.96	12.59	12.75	12.91		
250.	Forecast February 1981	12.29	11.94	12.09	12.43	12.71	12.61	12.78			
251.	Forecast November 1980	11.95	10.97	11.26	11.42	11.78	12.23				
252.	Forecast August 1980	10.27	10.36	10.91	10.62	10.83					
253.	Forecast May 1980	9.91	9.93	10.21	10.51						
254.	Forecast February 1980	10.18	9.96	9.78							
255.	Forecast November 1979	9.25	9.36								

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Table 8 U.S. Foreign Trade Accounts

	1981	1982	1983	80-81	81-82	82-83
Exports of U.S. Merchandise	235321	244972	269168	6.7	4.1	9.9
Food & Live Animals	30385	32275	35815	9.6	6.2	11.0
Beverages & Tobacco	2958	3230	3431	11.1	9.2	6.2
Crude Materials	20721	22150	24978	-12.9	6.9	12.8
Mineral Fuels	10130	11643	12637	26.9	14.9	8.5
Animal & Vegetable Oils	1729	1685	1853	-11.2	-2.5	10.0
Chemicals	21199	22780	25788	2.2	7.5	13.2
Manufactured Goods	20853	20079	22544	-6.3	-3.7	12.3
Machinery, Trans. Equip.	97110	99653	105940	14.9	2.6	6.3
Misc. Manufacturing	16951	17479	19680	3.7	3.1	12.6
Commodities, n.e.c.	8557	8220	9624	1.6	-3.9	17.1
Re-exports	4728	5778	6878	14.9	22.2	19.0
Imports of U.S. Merchandise	260780	271108	301627	6.5	4.0	11.3
Food & Live Animals	15070	15191	17038	-4.4	0.8	12.2
Beverages & Tobacco	3063	3066	3396	10.0	0.1	10.8
Crude Materials	11238	10171	11998	6.9	-9.5	18.0
Mineral Fuels	82819	81978	91195	-1.0	-1.0	11.2
Animal & Vegetable Oils	486	573	656	-8.8	17.9	14.5
Chemicals	9938	12213	14130	15.6	22.9	15.7
Manufactured Goods	37656	40770	45238	16.9	8.3	11.0
Machinery, Trans. Equip.	68149	72871	79557	12.5	6.9	9.2
Misc. Manufacturing	25655	27459	30708	8.0	7.0	11.8
Commodities, n.e.c.	6703	6816	7730	-7.2	1.7	13.4
Balance of Payments Accounts						
Total Exports	377667	394819	437311	9.6	4.5	10.8
Merchandise	239700	247536	271897	7.0	3.3	9.8
Reinvestment	12797	12193	15335	-24.7	-4.7	25.8
Other Investment	76375	82463	92338	29.6	8.0	12.0
Other Goods & Services	48795	52628	57741	9.0	7.9	9.7
Total Imports	364305	384002	429649	9.1	5.4	11.9
Merchandise	264304	274100	304581	6.0	3.7	11.1
Reinvestment	4505	4719	6080	-27.2	4.8	28.8
Other Investment	49571	55530	64115	34.0	12.0	15.5
Other Services	45925	49653	54873	10.9	8.1	10.5
Current Account Balance	7142	4667	1437	-	-	-

Table 9 IMPLICIT PRICE INDICES WITH ANNUAL PERCENTAGE CHANGES

	81-2	81-3	81-4	82-1	82-2	82-3	82-4	83-1	83-2	83-3	80-81	81-82	82-83	1981	1982	1983
Personal Cons. Exp.	191.5	195.7	199.8	203.2	207.0	210.9	214.8	219.0	223.7	228.4	8.4	7.8	8.1	193.9	209.0	225.9
% Change	6.5	9.0	8.6	6.9	7.7	7.8	7.6	8.0	8.8	8.6						
Consumer Price Index	269.0	276.7	282.9	287.9	292.5	297.6	303.2	309.4	316.7	323.7	10.6	8.2	8.3	272.9	295.3	319.9
% Change	9.6	12.0	9.4	7.2	6.6	7.2	7.8	8.5	9.7	9.1						
Durables	165.4	168.6	170.6	173.2	176.3	179.2	181.9	185.0	188.0	190.9	6.9	6.6	6.6	166.7	177.7	189.4
% Change	7.9	7.9	4.9	6.3	7.5	6.7	6.2	7.0	6.6	6.4						
Nondurables	200.4	203.7	207.0	209.4	213.3	216.2	219.6	223.2	228.0	232.3	7.4	5.9	7.1	202.6	214.6	229.9
% Change	2.5	6.8	6.6	4.7	7.6	5.6	6.4	6.8	8.9	7.9						
Services	192.2	197.7	202.8	207.1	211.3	216.3	221.0	225.9	231.1	236.6	9.7	9.5	9.3	195.3	213.9	233.8
% Change	8.3	11.8	10.6	8.8	8.4	9.8	8.9	9.1	9.5	9.8						
Structures	244.1	249.2	253.8	259.6	265.3	270.8	276.3	281.8	287.3	293.1	9.4	9.0	8.3	245.8	268.0	290.3
% Change	14.1	8.6	7.6	9.5	9.0	8.6	8.4	8.2	8.0	8.3						
Producers Durables	182.0	185.1	187.8	190.8	194.0	197.1	200.3	203.3	206.3	209.4	7.5	6.9	6.3	182.9	195.6	207.9
% Change	12.3	7.1	5.9	6.6	6.8	6.5	6.7	6.2	6.0	6.2						
Housing	231.8	234.8	237.5	240.9	245.2	249.4	253.7	258.3	262.7	266.9	6.7	7.0	6.1	233.2	249.6	264.9
% Change	5.5	5.4	4.7	5.9	7.3	7.0	7.1	7.5	6.9	6.6						
Exports	228.0	229.7	231.2	234.9	239.4	243.3	248.0	252.7	258.4	264.3	8.4	5.5	8.2	228.8	241.4	261.2
% Change	3.4	3.2	2.6	6.5	7.9	6.7	8.0	7.8	9.3	9.5						
Imports	301.2	291.3	292.7	297.9	304.0	308.7	314.4	320.6	329.4	337.4	2.4	3.1	8.7	297.1	306.3	332.8
% Change	-2.4	-12.6	1.9	7.3	8.5	6.3	7.6	8.1	11.4	10.2						
Federal	201.9	206.7	216.2	219.4	222.9	226.0	235.5	239.5	243.9	247.7	12.1	9.7	9.4	206.1	226.0	247.3
% Change	5.1	9.8	19.6	6.0	6.6	5.7	17.8	7.0	7.5	6.3						
Federal Purchases	219.9	227.8	233.0	237.8	243.3	248.2	253.6	258.9	265.4	271.9	12.7	9.7	9.3	223.9	245.7	268.5
% Change	9.5	15.2	9.4	8.5	9.6	8.3	9.0	8.6	10.4	10.2						
Federal Value Added	180.2	180.3	194.7	195.5	196.6	196.8	210.9	212.8	213.8	213.6	10.3	8.9	8.7	183.7	200.0	217.3
% Change	1.6	0.2	36.1	1.7	2.2	0.3	32.0	3.6	1.9	-0.4						
State and Local	198.0	202.8	206.9	211.4	215.9	220.2	224.9	229.5	234.3	239.2	8.6	8.7	8.6	200.6	218.1	236.8
% Change	7.5	10.1	8.3	9.1	8.9	8.2	8.7	8.4	8.6	8.7						
State & Local Purchases	209.8	215.4	220.0	224.5	229.3	233.9	239.0	244.0	249.6	255.4	8.9	8.8	9.0	212.9	231.7	252.5
% Change	7.2	11.1	8.8	8.5	8.8	8.2	9.0	8.7	9.5	9.6						
State & Local Value Added	189.8	194.1	197.7	202.3	206.6	210.8	215.1	219.4	223.7	228.1	8.7	8.7	8.3	192.0	208.7	226.0
% Change	8.0	9.4	7.7	9.6	8.8	8.4	8.3	8.2	8.1	8.1						

Table 10   IMPLICIT PRICE DEFLATOR FOR PERSONAL CONSUMPTION EXPENDITURES

	81-2	81-3	81-4	82-1	82-2	82-3	82-4	83-1	83-2	83-3	80-81	81-82	82-83	1981	1982	1983
Personal Cons. Exp.	191.5	195.7	199.8	203.2	207.0	210.9	214.8	219.0	223.7	228.4	8.4	7.8	8.1	193.9	209.0	225.9
% Change	6.5	9.0	8.6	6.9	7.7	7.8	7.6	8.0	8.8	8.6						
Consumer Price Index	269.0	276.7	282.9	287.9	292.5	297.6	303.2	309.4	316.7	323.7	10.6	8.2	8.3	272.9	295.3	319.9
% Change	9.6	12.0	9.4	7.2	6.6	7.2	7.8	8.5	9.7	9.1						
Durable Goods	165.4	168.6	170.6	173.2	176.3	179.2	181.9	185.0	188.0	190.9	6.9	6.6	6.6	166.7	177.7	189.4
% Change	7.9	7.9	4.9	6.3	7.5	6.7	6.2	7.0	6.6	6.4						
Autos	180.6	184.9	188.2	191.2	194.8	198.8	202.4	205.9	209.4	213.3	8.9	8.2	7.5	181.9	196.8	211.5
% Change	16.1	9.9	7.3	6.5	7.8	8.5	7.5	7.1	7.0	7.6						
Furniture	150.9	152.7	155.0	157.1	159.3	161.3	163.5	165.7	168.1	170.2	5.7	5.6	5.5	151.8	160.3	169.1
% Change	6.3	4.9	6.1	5.5	5.7	5.1	5.5	5.4	5.9	5.1						
Other Durables	169.7	170.2	171.3	173.1	175.0	176.9	179.0	181.8	184.9	187.3	5.0	3.7	5.6	169.8	176.0	185.9
% Change	3.9	1.2	2.5	4.2	4.5	4.3	4.9	6.3	7.1	5.4						
Nondurables	200.4	203.7	207.0	209.4	213.3	216.2	219.6	223.2	228.0	232.3	7.4	5.9	7.1	202.6	214.6	229.9
% Change	2.5	6.8	6.6	4.7	7.6	5.6	6.4	6.8	8.9	7.9						
Food	204.2	208.9	212.1	214.3	218.8	222.3	225.3	229.0	233.4	238.1	8.8	6.3	6.9	207.2	220.2	235.5
% Change	1.0	9.5	6.3	4.3	8.6	6.6	5.5	6.8	7.9	8.3						
Apparel	137.8	139.6	141.3	142.6	144.2	146.2	148.0	149.5	150.7	152.4	3.4	4.6	4.4	138.9	145.3	151.7
% Change	2.4	5.3	4.9	3.6	4.7	5.6	5.1	4.0	3.5	4.5						
Gas & Oil	379.0	369.6	376.1	382.4	389.3	392.8	400.9	410.9	434.2	447.0	10.6	4.3	11.7	375.3	391.4	437.1
% Change	2.9	-10.6	7.2	6.9	7.4	3.6	8.5	10.4	24.6	12.3						
Fuel Oil	582.8	573.9	588.0	604.2	617.7	625.7	642.6	664.7	708.7	736.0	22.2	8.1	15.0	576.0	622.6	716.3
% Change	17.8	-6.3	10.2	11.5	9.2	5.3	11.2	14.5	29.2	16.3						
Other Nondurables	183.5	186.7	190.6	194.4	198.1	202.0	206.2	210.2	213.9	217.9	8.8	8.2	7.9	185.0	200.2	216.1
% Change	9.7	7.2	8.6	8.3	7.7	8.2	8.5	8.0	7.2	7.8						
Services	192.2	197.7	202.8	207.1	211.3	216.3	221.0	225.9	231.1	236.6	9.7	9.5	9.3	195.3	213.9	233.8
% Change	8.3	11.8	10.6	8.8	8.4	9.8	8.9	9.1	9.5	9.8						
Housing	178.1	182.0	186.2	190.4	194.5	198.8	203.2	207.6	212.1	216.8	8.9	9.1	9.0	180.3	196.7	214.5
% Change	8.0	9.1	9.5	9.3	9.0	9.2	9.0	8.9	9.1	9.0						
Electricity & Gas	265.5	280.8	289.6	298.7	307.8	321.8	333.1	345.2	356.8	368.7	14.3	15.3	15.1	273.6	315.4	363.1
% Change	11.6	25.1	13.1	13.2	12.8	19.5	14.8	15.3	14.2	14.0						
Household Operations	157.7	163.0	166.9	169.5	171.7	174.1	176.7	179.3	182.0	184.9	9.6	7.9	6.1	160.4	173.0	183.5
% Change	10.5	14.1	9.9	6.3	5.4	5.6	6.3	5.9	6.2	6.5						
Transportation	197.0	200.9	205.7	210.3	214.4	219.1	223.7	228.3	234.2	241.0	8.2	8.8	9.5	199.4	216.9	237.4
% Change	6.3	8.2	9.9	9.2	8.1	9.0	8.6	8.5	10.8	12.1						
Other Services	202.5	208.3	214.3	218.8	222.8	227.8	232.7	237.8	243.3	248.9	10.2	9.5	9.1	206.0	225.5	246.1
% Change	8.3	12.0	12.1	8.6	7.5	9.2	8.8	9.1	9.5	9.5						

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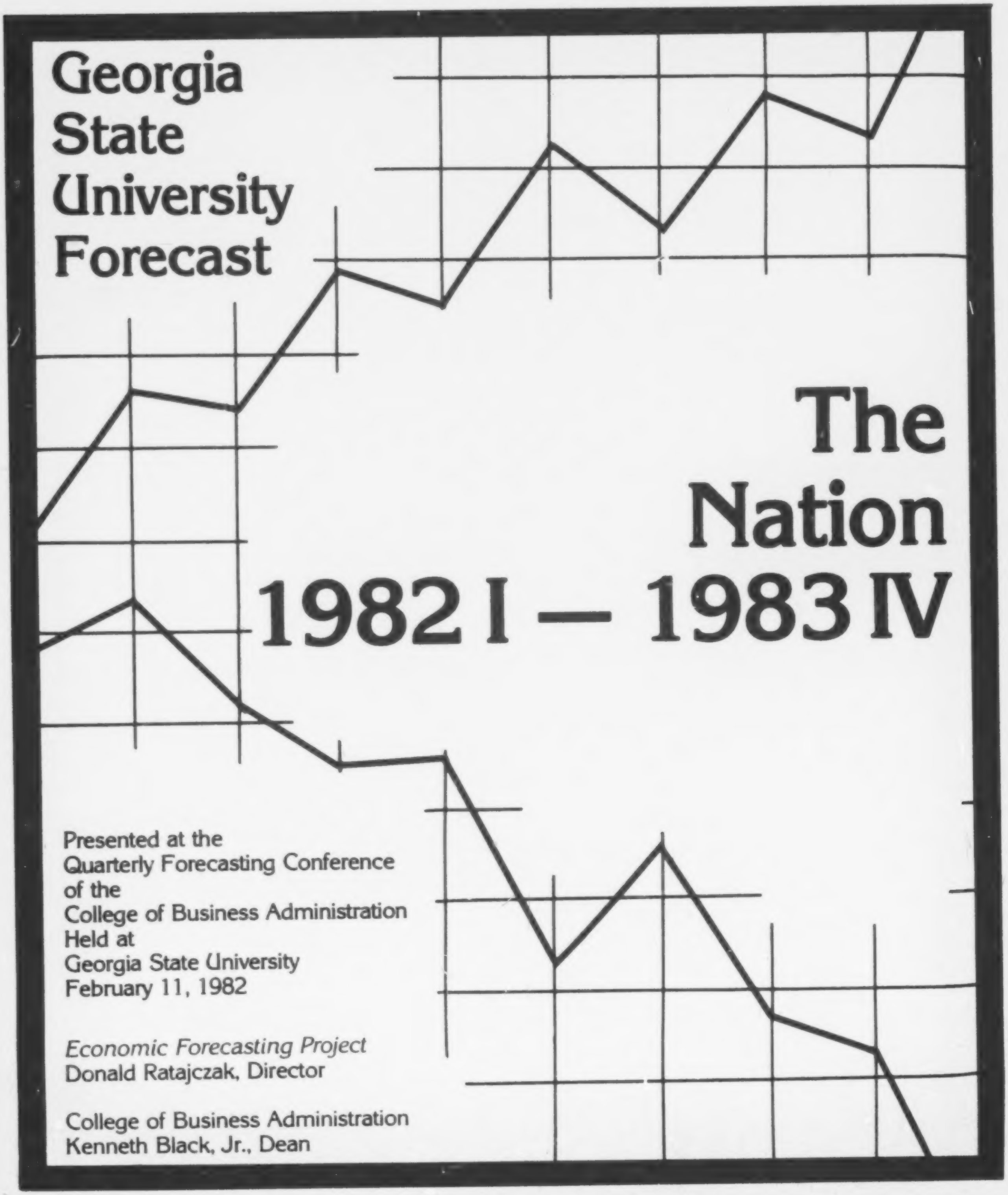

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INAPPROPRIATE BUDGET FINANCING CONSTRAINS
EXPECTED SPRING RECOVERY

Donald Ratajczak, Director
Economic Forecasting Project
Georgia State University

COMMENTARY

Apparently the administration did not believe that anticipated economic conditions were unacceptable; for no major budgetary initiatives have been launched in recent months. The President continues to believe that diversion of resources from the private sector to public use through taxation is less beneficial than extraction through borrowing. Moreover, a substantial number of his economic advisors still believe that debt financing has no impact upon interest rates, inflation, or economic growth unless the deficits are monetized by the Federal Reserve. To be sure, debt monetization will accelerate inflationary pressures. However, if federal borrowing reduces the amount of savings remaining to generate capital formation, long-term economic growth and long-term productivity gains by American workers will be adversely impacted. In essence, "crowding-out" by federal borrowings will adversely impact supply conditions in the United States. Such a condition will generate inflation even for unchanged Federal Reserve policy unless this negative supply response is offset by other conditions.

Of course, administration economists argue that tax reductions will generate sufficient savings to self-finance the federal debt with no impact upon net capital formations. To do so, the desire to save in the private sector must increase more rapidly than the government deficit. Thus far, no evidence of rising savings desires in the private sector has developed. The All-Saver certificates reduced consumption in October, but no further evidence of shifting savings desires has been observed since that time. The 5% change in withholding rates in October promptly increased savings, as an abrupt change in withholding rates always do. However, the personal savings rate has again declined and is now below levels that existed before the October tax changes. While weather may be a factor in that abrupt savings decline, supply-siders have yet to uncover any empirical support for their views.

While some analysts have applauded the President's "New Federalism" as a long-term solution to the budget financing problem, the proposal certainly does not justify such views. When the initial swap of medicaid for food stamps and AFDC is made in FY 1984, according to the proposal, the federal government will actually increase expenditures modestly. Moreover, as medicaid has been growing more rapidly than the other two programs, the growth path of federal government expenditures is modestly increased. Of course, the federal government could change medicaid regulations to dampen such growth, but such a budget control is not explicitly a part of "New Federalism". The projected transfer of the remaining forty odd programs to state and local control will initially be accompanied by revenue sources from excise taxes to finance virtually all of those programs. (Budgetary estimates show less than a $3 billion discrepancy between receipts and expenditures). Thus, the federal government cuts loose almost as much revenue as it does expenditures. To be sure, excise taxes then are gradually eliminated through FY 1991. This places a substantial constraining pressure upon state and local governments, especially those not having windfall oil tax capability. Thus, total government expeditures probably will be reduced by the "New Federalism". However, federal borrowings will be virtually unchanged by this concept. As state and local governments normally maintain operating budgets near balance, the cut in expenditures at those lower levels of government will have no appreciable effect upon total government borrowings. Whatever other merits there may be in providing separate state and local entitlement standards for programs that currently have uniform standards from federal administration, the President's "New Federalism" does not address the budget financing problem.

What is so distressing about the current course of administration policy is the failure to respond to market signals. Moreover, economic forecasts accompanying the budgets continue to be unrealistic, although estimates now are within the realm of possibility if not the realm of probability. A year ago the President argued that government expenditures in the current fiscal year would average $696 billion. By the first quarter of this fiscal year, that level already had been breached by nearly $20 billion. Now the administration is maintaining that expenditures will average $757.6 billion in FY 1983. Our projections in Table 5, show that that estimated level of expenditures will be attained by the end of FY 1982. Clearly, it is unrealistic to assume that no dollar growth in expenditures will develop throughout FY 1983.

The administration's interest rate forecast appears to be almost as unlikely as it's expenditures projections. Indeed, interest rate payments may be the major reason why the FY 1983 expenditures are too low. According to the administration's own figures, the government deficit at fixed unemployment rates will rise from $99 billion in FY 1982 to $117 billion in FY 1983 based upon the assumption that the 1 percentage point decrease in unemployment rates projected for 1983 will reduce the deficit by $25 billion (the figure cited by the President in his State of the Union message). An increase in the government deficit adjusted for employment changes at a time when real economic activity is expected to grow an above trend 5.2% and nominal GNP is expected to grow 11.5% (despite continued slowing in monetary growth) must increase credit market pressures. The administration concludes, however, that the 91-day Treasury bill rate will decline from 11.7% in 1982 to 10.5% in 1983. Each percentage point error in the Treasury bill estimate leads to a $4 billion error in interest expenses in the same year.

If deficits will be larger than proposed by the President when adjusted for employment changes and if interest rates are higher than contained in the budget, then economic activity will expand less robustly. As an example, the budget deficits contained in our forecast are $100 billion for FY 1982, $114 billion for FY 1983 and $125 billion for FY 1984. We do not subscribe to the immense budget deficits generated by the Congressional Budget Office, but this rising trend during an economic recovery should be sufficient to preserve excruciatingly high interest rates leading to severe financial strain and sluggish expansion in interest sensitive sectors of the economy.

Of course, sluggish growth will restrain wage demands. Also, the tax incentives contained in the 1981 tax act will alter the demand for labor, i.e. the economy will be searching for a more capital intensive expansion path. High interest rates are nullifying most of this change, but some improvement in productivity should be forthcoming in the next two years. Slower wage inflation and moderately higher productivity performance should continue to reduce the underlying inflation rate.

The impact of the oil glut upon America's terms of trade also appears to have been overlooked by many analysts. Because oil is such a large proportion of the U.S. trade balance, and oil's price currently is declining, imports are not growing as the remarkable strength in the dollar normally would create. As Table 8 shows, the U.S. should be able to maintain current account surpluses until the end of 1982. This means that the dollar should remain a strong currency until 1983 approaches. Of course, the strong dollar will more severely impact exports than had been expected in previous forecasts. To that extent the economic recovery in 1982 must be more sluggish than most people have anticipated. On the other hand, the preservation of a strong dollar will continue to restrain commodity inflation, thus contributing to downward pressures upon inflation.

Commodity inflation is expected to remain near the 5% level experienced in recent months and wage inflation is expected to gradually moderate. However, inappropriate budgetary financing is expected to preserve extremely high rates of interest. These high real rates of interest should gradually increase personal savings, but not sufficiently to lower interest rates. It will be sufficient, however, to slow the growth of consumption. Thus, recovery from this latest recession should be far from robust, except in the quarter when inventories shift from liquidation to accumulation.

Except for slightly more favorable inflationary conditions, nothing makes this forecast more acceptable than the one presented last November. Under such conditions the administration's failure to change course must be viewed with disappointment. The fact that an alteration in course still is needed, and that this may be perceived by Congress, merely increases economic uncertainity.

Recent Activity

Although the 5.2% decline in economic activity reported for the fourth quarter appears to be less than the decline suggested by employment and production measures, strong farm production partially distorted these numbers. In the nonfarm business sector, economic activity declined 7.3%. Moreover, unit labor costs rose more than 12.5%, leading to a severe liquidity squeeze in the corporate sector. This liquidity squeeze probably led to significant increases in commerical and industrial loans at commercial banks during the fourth quarter and early in 1982. Such a corporate liquidity squeeze is not unusual in the early stages of a recession. Indeed, short-term interest rates tend to peak three to four months after a recession already has begun, partially in response to liquidity problems and also because of the financing of involuntary inventory investments.

It is possible that fourth quarter economic activity was even worse than presented in the preliminary figures. For example, manufacturing inventories in December, which were not available when the GNP figures were put together, showed a sharp decline. Thus, the inventory component of GNP may be revised downward appreciably when the next GNP figures for the fourth quarter are released. While this would increase the degree of weakness registered for the fourth quarter, it would also moderate a severe inventory overhang. Thus, the inventory correction already may have begun in December and would normally be terminated by March or April.

As always, some exogenous events distort normal cyclical behavior. In January the winter weather was truly severe. Not only did the weather distort unemployment rates during the month (apparently unemployed people are less willing to state that they are actively seeking work when a foot of snow is on the driveway), but actual disruptions of productive activity in the East, Midwest, and South appreciably reduced earnings. Moreover, the unseasonably cold weather (about 6% more energy has been consumed than normal this January) will raise utility bills by $4-5 billion. Reduced paychecks and involuntary consumption reduced household savings below 5% in January. The weather also has intensified the corporate liquidity squeeze, as salaried payrolls were met despite nonexistent production. These weather factors should moderate in February, leading to some temporary ease in short-term interest rates.

Unfortunately, the winter weather has had some adverse effect upon inflationary conditions. The Producer Price Index for January will show a significant increase in food prices while Consumer Price Indices in February and March almost certainly will contain rapid price increases for the food component. In addition, the winter weather probably has adversely influenced the breeding habits of livestock. Thus, some meats, especially pork, may temporarily be in short supply during the spring. One produce crop has also been lost. Thus, food inflation will be more extensive than originally expected, but the magnitude of this damage upon the Consumer Price Index for 1982 appears to be constrained to an increase of 0.3%.

Recent Performance And Outlook

An upward revision in economic activity for the third quarter permitted the economy to decline more rapidly in the fourth quarter than had been anticipated in November. However, our monthly surveys suggested that third quarter GNP was being understated. As a result, we adjusted our fourth and first quarter forecasts to reflect an adjustment for this understatement. Thus, the level of economic activity in the fourth quarter was very close to our expectations although the percentage change was more severe than we expected in November.

A similar problem in understating the degree of decline in GNP is developing during the fourth quarter. Once again the expected measurement error is folded into the forecast for the first and second quarters of 1982. No other acceptable way to adjust for these measurement errors is apparent.

Although the estimated level of GNP was consistent with preliminary fourth quarter data, consumption was overestimated while investment and government purchases were understated. Two factors appear to account for the error in consumption. First, the rapidly developing recession led to more rapid reductions in employment than had been anticipated. As a result, disposable personal income grew more slowly than expected. Second, the All-Saver certificate had a one-time impact upon shifting consumer patterns. While this effect is not expected in the forecast period, it did impact upon October sales.

Now that the winter has chopped payrolls even more quickly than originally expected, disposable personal income has been reduced sharply for the first two quarters of 1982. This lowers personal consumption although personal savings also is lowered by the involuntary consumption during the first quarter. Typically, undesirable consumption for adverse weather conditions in a given quarter leads to more sluggish consumption and enhanced savings in the subsequent quarter. This pattern has been reflected in our estimated consumption and savings pattern.

As domestic investment activity in the fourth quarter was underestimated (because inventory investment was more significant than originally expected) this inventory glut is reversed in the subsequent two quarters. Investment is increased beyond the early recovery period as compared to earlier forecasts as housing is expected to show more resiliency than originally expected because of strong demographic trends (the U.S. experienced 1.7 million new household formations in 1981) and also because inventory needs originally were underestimated.

Government purchases exceeded projections in the fourth quarter because of Commodity Credit Corporation loans to farmers. Traditionally, such loans are counted as government purchases when farmers offer their crops as collateral and are counted as offsets to government purchases when the crops are sold and the loans are repaid. Abundant agricultural production during the fourth quarter led to unusually brisk activity at the Commodity Credit Corporation. Aside from that unusual event, government purchases of goods and services should correspond closely with previous projections (the slight increase in purchases during the winter from previous anticipations reflects increased utility bills paid by the government).

The CCC loans also explain why total federal government expenditures slightly exceeded expectations in the fourth quarter. Government payrolls are growing slower than originally projected and are expected to continue to do so. However, interest expenses are higher than originally projected. In 1982, these two factors are offsetting. In 1983, however, interest expenses should dominate, leading to higher government expenditures than projected three months ago.

Federal government receipts fell below anticipations in the fourth quarter, both because the economy was weaker than had originally been expected (especially wage income) and because declining oil prices have led to reduced receipts from the windfall profits tax. Our estimates of oil prices have been lowered well into 1983. Therefore, the windfall profits tax also has become a smaller revenue factor than originally expected.

These changes in receipts and expenditures explain the change in the surplus for all governments. At the present time all governments are running a $61 billion deficit. This deficit currently exceeds 25% of the funds available to finance the combination of net capital formation and government debt. While this percent should dip slightly in the first half of 1982, it is projected to regain the 25% level late in the year.

While the winter has increased estimates of food inflation, slowing commodity inflation and moderating unit labor costs justify downward revision in inflationary pressures. These effects can be seen in the profile of consumer prices and the GNP deflator.

Because interest rates are expected to remain higher than originally projected due to the government financing problem, stock prices show little significant recovery in 1982. Indeed, our expected rate of return on stock investment for the year has been reduced to less than 3% after taxes. While long-term bonds also are not expected to show any substantial price appreciation, the high yields should more than offset projected capital losses in 1982. As a result, after tax estimates of returns on long-term bonds are 4%. Clearly those who do not believe they can outperform the stock market should remain in short-term instruments throughout the year. In 1983, investment possibilities improve significantly. After taxes, the average stock portfolio is expected to show a gain of nearly 25%. This will be more beneficial than the after-tax 13% expected return on long-term bonds and only a 7% after-tax return on short-term instruments based upon a 50% tax bracket for individuals. Of course, the markets may anticipate those expected gains for 1983 as 1982 progresses.

Aside from exogeneous weather forces, for which there is no adequate forecasting response, our recent performance reveals no significant areas that require substantial adjustment in our model except as already mentioned concerning the demand for labor. While interest rates are expected to reach record levels late in 1982, this occurs as a direct result of more adverse budgetary conditions than originally anticipated. (Of course, our adjustment for inventory needs also contributed to higher short-term interest rates). While no adjustment was made to the method of evaluating trade conditions, lower estimates of oil prices worldwide led to stronger current account balances and a stronger dollar than originally expected. This led to weaker export growth, culminating in a decline of the current account during 1983.

Assumptions

Most of our assumptions, contained in Table 5 and Table 6 of this report, have not been significantly altered from previous forecasts. We are still assuming that social security tax rates will be 6.7% for employee and employer in 1982 and 1983 on a wage base of $32,400 in 1982 and $34,900 in 1983. The All-Saver certificate is expected to reduce taxable interest by $10 billion in 1982 but by negligible amounts in other years. The IRA accounts are expected to reduce taxable income by $25 billion in 1982 and in each year thereafter. Personal savings from the IRA program are expected to rise by $3 billion in 1982 and by $5.5 billion in 1983. The magnitude of the Keogh change is expected to be about one-quarter of the magnitude of the IRAs. Estate taxes are expected to fall from nearly $6 billion in 1981 by nearly $1 billion per year until 1986, when they stabilize at $1 billion. In 1982 estate tax changes are expected to reduce personal savings, as retirees will reduce purchases of insurance policies to protect their estates. By 1984 this savings reduction by the elderly will be offset by increased desires to accumulate estates by younger people. The sell-leaseback arrangement was assumed to be rescinded by the end of 1982, but no other tax changes were expected over the forecast period.

The Post Office was expected to increase postage rates by 10% in 1983. Pay increases for civilian workers in government were expected to average 7.5% both in October 1982 and October 1983. Military increases were expected to be 8.9% in October 1982 and 8.5% in October 1983. Military payrolls were expected to reach 2.25 million by the end of 1983 while civilian payrolls were assumed to fall by 75,000 over the same period. Assumptions regarding other expenditures programs are reflected in the budget.

The price of oil entering the United States was expected to average $34.25 per barrel in 1982 and to rise to $36.25 in 1983. No accelerated decontrol of natural gas was assumed. No significant work actions were assumed for 1982 or 1983.

Summary

The current recession is expected to end sometime in the spring, after inventory liquidations reach their maximum. While the first phase of recovery may be relatively vigorous when production schedules return to the levels of final sales, the vigorous portion of the recovery is expected to be relatively short. Unfortunately, massive government deficits, which are rising for unchanged levels of unemployment, are expected to constrain economic expansion. Moreover, the strong dollar should continue to reduce the foreign competitiveness of American goods through much of 1982. While this dollar strength will further moderate inflation, it will also create continuing declines in exports through much of 1982. Overall, economic activity in 1982 should decline 0.6% in real terms from 1981 levels before recovery generates a 4% rate of expansion in 1983.

In summary, economic conditions will become less bad as 1982 progresses. Mortgage rates will remain well above 15% into 1983 while other interest rates certainly will preserve double-digit levels into the next presidential election year. The current moderation of inflation should generally be sustained through 1983. If only this administration would realize that its method of extracting resources from the private sector (i.e. borrowing rather than taxing), is creating more distortions than tax reductions are resolving under current economic conditions, then a vigorous expansion could develop. Unfortunately, more time is being spent trying to prove that deficits do not matter or that they cannot be forecast accurately than is being spent resolving the financial crisis that the federal government has created in the credit markets and in some financial sectors.

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Table 1 Forecast of U.S. Expenditures for 1981-III Through 1983-IV

		1981		1982				1983				Percent Change			Annual		
		III	IV	I	II	III	IV	I	II	III	IV	80-81	81-82	82-83	1981	1982	1983
1.	Personal Consumption Expenditures	1883.9	1909.5	1949.2	1984.1	2038.8	2089.0	2141.3	2188.4	2241.8	2299.3	11.1	10.8	10.0	1858.1	2015.3	2217.7
2.	Autos and Parts	101.6	92.3	96.9	100.6	106.4	111.6	118.1	120.9	126.5	134.2	9.2	5.8	20.2	98.2	103.9	124.9
3.	Other Durable Goods	134.6	134.1	133.7	133.5	135.3	137.9	140.6	143.1	146.0	148.4	9.7	1.0	7.0	133.8	135.1	144.5
4.	Nondurable Goods	751.3	760.9	769.5	778.7	796.2	811.3	826.0	839.6	853.4	870.7	10.0	6.1	7.4	743.4	788.9	847.4
5.	Services	896.4	922.2	949.1	971.3	1000.9	1028.2	1056.6	1084.8	1115.9	1146.0	12.4	11.9	11.5	882.7	987.4	1100.8
6.	Gross Private Domestic Investment	463.0	443.6	405.8	426.9	466.5	492.8	508.8	536.2	544.5	554.4	14.0	-0.6	19.6	450.6	448.0	536.0
7.	Residential Construction	100.5	93.4	89.2	94.7	111.3	124.4	137.6	141.1	132.1	137.6	0.1	-0.4	30.7	105.3	104.9	137.1
8.	Other Structures	128.3	131.4	129.6	138.1	139.1	141.7	146.3	150.9	155.1	159.7	14.9	9.7	11.6	125.0	137.1	153.0
9.	Producers' Durable Equipment	206.8	201.2	202.6	204.7	207.8	211.6	216.5	221.7	227.6	234.5	8.0	2.3	8.9	202.0	206.7	225.1
10.	Change in Inventories	27.5	17.6	-15.6	-10.6	8.3	15.1	8.4	22.5	29.7	22.6	-	-	-	18.2	-0.7	20.8
11.	Net Export of Goods and Services	29.3	16.0	32.1	26.6	20.0	14.8	20.4	15.3	16.2	15.3	-	-	-	23.8	23.4	16.8
12.	Exports	368.0	363.0	363.1	368.0	371.6	380.1	393.8	405.3	416.3	428.9	7.9	1.1	10.9	366.7	370.7	411.1
13.	Imports	338.7	347.1	332.0	341.4	351.6	365.3	373.4	390.0	400.1	413.6	8.3	1.4	13.7	342.9	347.6	394.3
14.	Govt. Purchases of Goods and Services	588.9	615.7	626.4	637.1	651.7	673.0	689.8	708.0	726.7	750.8	10.3	9.7	11.1	589.6	647.1	718.8
15.	Federal	226.4	246.7	251.2	253.6	260.9	273.6	281.3	290.2	298.7	312.6	14.9	13.7	13.8	228.6	259.8	295.7
16.	National Defense	154.1	165.8	172.2	177.0	183.3	195.1	201.6	208.8	215.7	226.9	16.4	18.7	17.2	153.3	181.9	213.2
17.	Other, including NASA	72.2	81.0	79.0	76.6	77.6	78.5	79.7	81.4	83.0	85.7	11.9	3.6	5.8	75.2	77.9	82.5
18.	State and Local	362.5	369.0	375.2	383.5	390.8	399.4	408.5	417.8	428.0	438.2	7.5	7.2	9.3	361.1	387.2	423.1
19.	Gross National Product	2965.0	2984.9	3013.5	3074.7	3177.0	3269.6	3360.3	3447.9	3529.2	3619.8	11.3	7.2	11.3	2922.2	3133.7	3489.3
20.	Amount of Change	79.2	19.9	28.6	61.2	102.3	92.6	90.7	87.6	81.3	90.6	-	-	-	296.1	211.5	355.6
21.	% Change (Ann. Rate)	11.4	2.7	3.9	8.4	14.0	12.2	11.6	10.8	9.8	10.7	-	-	-	11.3	7.2	11.3
22.	% Real Change (Ann. Rate)	1.4	-5.2	-3.7	1.5	6.1	4.1	4.1	4.4	3.0	2.7	-	-	-	1.9	-0.6	4.0
23.	% Price Change (Ann. Rate)	9.9	8.4	7.9	6.7	7.5	7.8	7.2	6.1	6.6	7.7	-	-	-	9.1	7.9	7.1
24.	Implicit Price Deflator	195.61	199.58	203.42	206.76	210.52	214.51	218.27	221.54	225.11	229.35	-	-	-	193.58	208.80	223.57
25.	Change in Final Sales	75.1	29.8	61.8	56.2	83.4	85.8	97.4	73.5	74.1	97.7	-	-	-	272.0	230.4	334.1
26.	GNP in 1972 Dollars	1515.8	1495.6	1481.4	1487.1	1509.1	1524.2	1539.5	1556.3	1567.8	1578.3	1.9	-0.6	4.0	1509.6	1500.5	1560.5

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Table 2 Forecast of U.S. Real Expenditures by Quarter for 1981-III Through 1982-IV

		1981		1982				1983				Percent Change			Annual		
		III	IV	I	II	III	IV	I	II	III	IV	80-81	81-82	82-83	1981	1982	1983
1.	Personal Consumption Expenditures	962.8	958.3	961.8	963.2	971.7	978.5	986.2	991.6	999.1	1007.0	2.6	1.0	2.8	959.1	968.8	996.0
2.	Durable Goods	140.3	133.0	134.0	134.2	136.5	138.7	141.7	142.8	145.4	148.6	2.6	-2.5	6.4	139.4	135.9	144.6
3.	Nondurable Goods	368.8	369.2	368.3	367.4	369.9	371.2	372.5	373.6	374.6	375.9	2.5	0.5	1.3	367.4	369.2	374.2
4.	Services	453.7	456.1	459.5	461.6	465.3	468.6	472.0	475.2	479.1	482.5	2.6	2.5	2.9	452.4	463.8	477.2
5.	Gross Private Domestic Investment	221.5	207.1	185.4	192.0	206.4	214.3	217.3	226.7	227.2	227.4	5.6	-2.7	12.6	215.0	199.5	224.6
6.	Res. Structures	42.7	39.5	37.0	38.7	44.7	49.1	53.5	54.1	50.2	51.7	-6.0	-6.3	23.5	45.2	42.4	52.4
7.	Other Structures	51.5	51.4	49.3	51.4	50.7	50.6	51.1	51.6	52.0	52.5	4.8	-0.4	2.6	50.7	50.5	51.8
8.	Producers' Durables	112.4	107.8	107.3	107.0	107.2	107.8	108.7	109.6	110.8	112.4	0.8	-3.1	2.9	110.8	107.3	110.4
9.	Change in Inventories	14.9	8.5	-8.2	-5.1	3.8	6.8	4.0	11.4	14.2	10.8	-	-	-	8.2	-0.7	10.1
10.	Net Export of Goods and Services	43.2	36.7	40.6	38.4	36.3	34.9	37.3	36.6	37.3	37.6	-	-	-	44.3	37.6	37.2
11.	Exports	160.1	155.9	154.2	154.1	153.1	154.0	156.7	158.7	160.2	162.4	-0.7	-3.8	3.6	160.0	153.9	159.5
12.	Imports	116.9	119.2	113.6	115.7	116.8	119.1	119.4	122.1	122.9	124.8	6.1	0.4	5.2	115.8	116.3	122.3
13.	Govt. Purchases of Goods & Services	288.3	293.4	293.6	293.5	294.7	296.5	298.7	301.4	304.2	306.3	0.4	1.2	2.7	291.2	294.6	302.7
14.	Federal	109.6	114.5	115.1	114.6	116.1	117.5	119.2	121.2	123.1	124.3	2.7	4.3	5.3	111.0	115.8	122.0
15.	State & Local	178.8	178.8	178.5	178.9	178.6	179.0	179.5	180.2	181.1	182.0	-0.9	-0.8	1.1	180.2	178.8	180.7
16.	Gross Nat. Product	1515.8	1495.6	1481.4	1487.1	1509.1	1524.2	1539.5	1556.3	1567.8	1578.3	1.9	-0.6	4.0	1509.6	1500.4	1560.5
17.	Final Demand	1500.9	1487.1	1489.6	1492.2	1505.3	1517.4	1535.5	1544.9	1553.6	1567.5	1.2	-0.0	3.3	1501.4	1501.1	1550.4
18.	Private Product	1332.5	1311.9	1300.9	1306.3	1327.6	1342.9	1358.6	1373.6	1383.1	1392.7	2.3	-0.5	4.4	1326.5	1319.4	1377.0

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Table 3 Income Related U.S. GNP Components for 1981-III Through 1983-IV

		1981		1982				1983				Percent Change			Annual		
		III	IV	I	II	III	IV	I	II	III	IV	80-81	81-82	82-83	1981	1982	1983
1.	Compensation of Employees	1790.7	1821.7	1834.4	1878.0	1927.8	1977.7	2029.2	2077.4	[illegible]24.0	2177.9	11.0	7.5	10.4	1771.7	1904.5	2102.1
2.	Wage and Salary	1498.7	1522.9	1527.3	1563.0	1604.4	1645.9	1686.6	1727.0	1765.0	1809.9	10.4	6.9	10.2	1482.9	1585.2	1747.1
3.	Manufacturing	393.9	391.4	382.7	391.5	404.2	413.7	424.5	435.8	446.5	456.2	10.5	2.7	10.7	387.4	398.0	440.8
4.	Other Commodity-Producing Industries	126.3	129.8	127.4	133.4	140.0	144.0	149.2	154.5	157.5	161.5	9.2	8.7	14.3	125.3	136.2	155.7
5.	Distributive Industries	365.3	369.5	373.9	381.4	389.9	398.7	407.4	416.6	425.9	435.8	9.8	6.9	9.2	361.1	386.0	421.4
6.	Service Industries	338.5	348.8	356.6	365.8	374.8	384.1	394.6	404.3	414.0	424.2	13.3	10.5	10.5	335.1	370.3	409.3
7.	Military	33.9	38.6	38.8	39.1	39.4	43.2	43.6	43.9	43.9	47.8	14.8	15.0	11.7	34.9	40.1	44.8
8.	Civilian Government	240.8	244.8	247.9	251.8	256.1	262.2	267.3	271.9	277.2	284.4	7.1	6.5	12.1	239.0	245.4	275.2
9.	Supplements	292.0	298.9	307.1	315.0	323.4	331.8	342.6	350.4	359.0	368.0	14.2	10.6	11.2	288.8	319.3	355.0
10.	Proprietors' Income	137.1	134.1	133.7	136.6	138.2	138.3	139.9	141.0	144.1	147.6	2.9	1.7	4.7	134.4	136.7	143.2
11.	Business & Professional	112.4	111.5	110.5	110.7	111.7	112.6	113.8	115.5	117.8	119.2	4.9	-0.9	4.6	112.4	111.4	116.6
12.	Farm	24.7	22.7	23.2	25.9	26.5	25.7	26.1	25.5	26.3	28.4	-6.0	15.1	5.0	22.0	25.3	26.6
13.	Rental Income	33.9	34.5	35.1	35.8	36.5	37.3	38.2	39.1	40.0	40.9	5.7	7.7	9.3	33.6	36.2	39.6
14.	Net Interest	220.2	228.1	235.0	241.6	249.1	257.3	266.5	275.1	284.3	293.0	19.6	14.3	13.8	215.0	245.8	279.7
15.	Corporate Profits Adj.	195.7	167.2e	162.1	165.5	180.3	189.2	200.9	211.8	223.8	230.7	3.4	-7.8	24.4	189.0	174.3	216.8
16.	National Income	2377.6	2385.6e	2400.3	2457.5	2531.9	2599.8	2674.7	2744.4	2816.2	2890.1	10.5	6.6	11.4	2343.7	2497.4	2781.4
17.	Indirect Business Tax	254.0	255.8	259.5	263.3	269.8	276.3	283.7	290.8	298.3	306.2	18.3	6.4	10.3	251.2	267.2	294.8
18.	Capital Consumption Adj.	64.8	65.0	60.8	60.6	61.7	62.1	58.9	59.3	60.5	61.9	2.2	-5.0	-1.9	64.5	61.3	60.2
19.	Capital Consumption Alw.	261.7	271.7	286.2	294.5	302.9	311.5	326.6	335.2	344.7	353.6	14.7	16.3	13.8	257.0	298.8	340.0
20.	Business Transfers	11.8	12.1	12.5	12.9	13.2	13.6	14.0	14.5	14.9	15.3	10.5	12.5	12.0	11.6	13.1	14.7
21.	Net. Govt. Subsidies	-5.1	-4.8	-4.5	-4.5	-4.5	-4.0	-3.0	-12.7	-2.7	-2.3	-	-	-	-5.1	-4.4	-2.7
22.	Statistical Discrepancy	0.2	-0.5e	-1.3	-9.6	2.0	10.3	5.4	6.4	-2.7	-5.0	-	-	-	-0.8	3.5	1.0
23.	Gross National Product	2965.0	2984.9	3013.5	3074.7	3177.0	3269.6	3360.3	3447.9	3529.2	3619.8	11.3	7.2	11.3	2922.2	3133.7	3489.3

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Table 4 Derivation of U.S. Personal Income for 1982-III Through 1983 IV

	1981		1982				1983				Percent Change			Annual		
	III	IV	I	II	III	IV	I	II	III	IV	80-81	81-82	82-83	1981	1982	1983
1. National Income	2377.6	2385.6e	2400.3	2457.5	2531.9	2599.8	2674.7	2744.4	2816.2	2890.1	10.5	6.6	11.4	2343.7	2497.4	2781.4
2. Less: Corp. Profits Adj.	195.7	167.2e	162.1	165.5	180.3	189.2	200.9	211.8	223.8	230.7	3.4	-7.8	24.4	189.0	174.3	216.8
3. Less: Social Insurance	240.6	244.9	252.3	257.6	264.1	270.8	284.0	289.7	296.2	303.7	17.3	9.3	12.3	238.9	261.2	293.4
4. Plus: Govt. Transfers	330.4	333.6	338.2	341.1	354.8	357.6	359.9	360.7	374.8	376.3	13.2	8.3	5.7	321.3	347.9	367.9
5. Old Age, Survivors, etc	188.5	191.1	194.0	195.9	208.7	211.2	214.3	216.2	229.8	232.5	17.2	12.3	10.2	180.3	202.5	223.2
6. Unemployment Benefits	14.8	15.7	17.2	18.0	18.1	18.0	17.1	16.2	15.9	15.5	-3.8	15.7	-9.1	15.4	17.8	16.2
5. Veterans' Benefits	15.9	16.4	16.5	16.3	16.2	16.4	16.4	16.3	16.3	16.6	6.7	2.2	0.0	16.0	16.4	16.4
8. Employees' Retirement	48.9	50.1	50.8	51.7	53.3	54.7	55.5	56.5	58.2	59.6	13.6	8.3	9.2	48.6	52.6	57.5
9. A.F.D.C.	13.4	12.4	12.3	12.1	12.0	11.8	11.7	11.5	11.4	11.0	6.5	-8.7	-5.8	13.2	12.1	11.4
10. Other	48.7	48.0	47.4	47.1	46.5	45.5	44.9	44.0	43.2	41.1	8.7	-2.3	-7.1	47.7	46.6	43.3
11. Plus: Business Transfers	11.8	12.1	12.5	12.9	13.2	13.6	14.0	14.5	14.9	15.3	10.5	12.9	12.0	11.6	13.1	14.7
12. Plus: Interest Transfers	95.5	100.9	102.5	103.8	107.7	113.0	118.3	120.9	123.9	127.0	22.4	14.1	14.7	93.6	106.8	122.5
13. Plus: Dividends	63.0	64.1	64.8	65.6	67.1	68.9	70.1	72.2	74.9	77.2	12.7	8.6	10.5	61.3	66.6	73.6
14. Personal Income	2441.7	2484.4	2503.9	2557.8	2630.3	2692.9	2752.1	2811.2	2884.7	2951.5	11.3	8.0	9.8	2403.6	2596.2	2849.9
15. Less: Personal Taxes Payments	399.8	398.0	403.5	416.4	402.7	416.9	431.7	446.6	431.7	447.5	14.7	5.6	7.2	388.2	409.9	439.4
16. Disposable Personal Inc.	2042.0	2086.4	2100.4	2141.4	2227.6	2276.0	2320.4	2364.6	2453.0	2504.0	10.6	8.5	10.2	2015.4	2186.4	2410.5
17. Less: Consumption	1883.9	1909.5	1949.2	1984.1	2038.8	2089.0	2141.3	2188.4	2241.8	2299.3	11.1	8.5	10.0	1858.1	2015.3	2217.7
18. Other Outlays	51.2	52.8	52.5	53.1	54.3	56.0	57.0	58.1	59.3	60.8	8.6	4.4	8.9	50.7	54.0	58.8
19. Personal Savings	106.9	124.1	98.7	104.2	134.5	131.0	122.1	118.1	151.9	143.9	5.2	9.8	14.4	106.6	117.1	134.0
20. Savings Rate (%)	5.2	6.0	4.7	4.9	6.0	5.8	5.3	5.0	6.2	5.7	-	-	-	5.3	5.4	5.6

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Table 5 U.S. Federal Government Activity for 1981-III Through 1983-IV

	1981		1982				1983				Percent Change			Annual		
	III	IV	I	II	III	IV	I	II	III	IV	80-81	81-81	82-83	1981	1982	1982
1. Government Receipts	638.3	622.8e	630.9	645.0	637.2	657.0	683.9	701.7	690.2	710.3	15.5	2.8	8.4	624.8	642.5	696.5
2. Personal Tax & Receipts	306.4	301.9	306.2	316.2	298.9	309.5	320.6	331.8	313.0	324.7	14.9	3.9	4.8	296.2	307.7	322.5
3. Corporate Profits Tax	66.4	53.8e	51.5	52.1	56.0	59.1	61.5	62.2	62.9	63.8	-7.5	-15.8	14.5	64.9	54.7	62.6
4. Indirect Business Tax	61.8	60.2	59.6	59.1	59.9	60.8	62.4	64.1	65.8	67.3	51.0	-2.4	8.4	61.3	59.9	64.9
5. Contributions for Social Security	203.7	206.9	213.6	217.6	222.4	227.6	239.4	243.6	248.5	254.5	17.6	8.8	11.9	202.5	220.3	246.5
6. Government Expenditures	694.0	719.4	727.6	733.1	757.1	776.4	788.7	799.7	824.1	841.7	14.0	9.1	8.7	686.4	748.5	813.5
7. Purchases of Goods and Services	226.4	246.7	251.2	253.6	260.9	273.6	281.3	290.2	298.7	312.6	14.9	13.7	13.8	228.6	259.8	295.7
8. Defense	154.1	165.8	172.2	177.0	183.3	195.1	201.6	208.8	215.7	226.9	16.4	18.7	17.2	153.3	181.9	213.3
9. Wage Compensation	58.4	64.0	64.3	64.7	65.1	70.6	71.3	71.8	71.8	77.3	12.5	11.4	10.4	59.4	66.2	73.0
10. Other	95.7	101.8	107.9	112.3	118.2	124.5	130.3	137.0	143.9	149.6	19.0	23.2	21.1	93.9	115.7	140.2
11. Nondefense	72.2	81.0	79.0	76.6	77.6	78.5	79.7	81.4	83.0	85.7	11.9	3.6	5.8	75.2	77.9	82.4
12. Wage Compensation	30.1	31.3	31.2	31.3	31.2	32.6	32.9	33.1	33.1	34.9	5.2	3.2	6.1	30.6	31.6	33.5
13. Other	42.1	49.7	47.8	45.3	46.4	45.9	46.8	48.3	49.9	50.8	17.1	3.9	5.6	44.6	46.3	48.9
14. Transfer Payments	293.6	297.2	302.0	305.3	319.1	322.4	325.2	326.1	340.0	341.9	13.9	9.8	6.8	284.4	312.2	333.3
15. Grants-in-Aid to State and Local Government	85.4	82.9	80.8	79.9	78.4	76.6	74.5	73.7	73.1	72.4	-1.1	-9.3	-7.0	87.0	78.9	73.4
16. Net Interest Paid	75.6	79.4	80.7	81.3	85.5	90.8	95.6	97.7	100.0	102.7	37.5	15.4	17.1	73.3	84.6	99.0
17. Deficit of Government Enterprises	13.3	13.1	12.9	13.0	13.2	13.0	12.1	12.0	12.3	12.1	10.0	-1.3	-6.9	13.2	13.0	12.1
18. Federal Surplus	-55.7	-96.6e	-96.7	-88.1	-119.9	-119.4	-104.8	-98.0	-133.9	-131.4	-	-	-	-61.6	-106.0	-117.0
19. Federal Debt Held by Individuals	665.4	698.7e	742.1	754.2	778.1	816.6	869.2	879.1	908.0	950.4	13.4	16.9	16.4	698.7e	816.6	950.4
20. Total Government Surplus	-17.9	-61.4e	-63.3	-54.5	-82.2	-79.4	-63.4	-55.0	-89.8	-84.8	-	-	-	-25.1	-69.8	-73.2

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Table 6 Selected Economic Variables of the U.S. Economy for 1981-III Through 1983-IV

		1981		1982				1983				Percent Change			Annual		
		III	IV	I	II	III	IV	I	II	III	IV	80-81	81-82	82-83	1981	1982	1983
1.	Changes in Private Wage	9.2	6.9	9.3	8.5	8.5	7.3	8.3	7.7	8.1	7.5	9.8	8.5	8.0	-	-	-
2.	Changes in Output Per Worker Hr.-Private Econ.	0.4	-4.9	3.2	-0.1	3.4	2.3	1.7	2.0	1.2	0.9	0.8	0.5	1.8	-	-	-
3.	Changes in Implicit Unit Labor Costs, Private	8.7	12.4	5.9	8.7	5.0	4.9	6.4	5.6	6.8	6.5	8.9	7.9	6.0			
4.	Changes in Adj. Price Deflator, Priv. Econ.	9.7	8.0	7.9	6.2	7.5	7.2	7.2	6.2	6.6	6.7	9.0	7.5	6.9	-	-	-
5.	Consumer Price Index	276.7	280.7	282.9	286.8	292.7	298.9	303.6	308.3	313.8	319.9	10.3	6.6	7.3	272.3	290.3	311.4
6.	Industrial Commod. (PPI)	306.9	309.4	312.4	316.2	320.6	325.7	331.8	338.6	344.1	349.3	10.7	4.8	7.0	304.0	318.7	341.0
7.	After Tax Corp. Profit	156.3	137.4e	130.0	134.3	145.5	153.1	158.9	167.2	173.5	179.6	-4.7	-8.6	20.7	153.9	140.7	169.8
8.	Inventory Profits (Corp)	25.3	20.9	21.0	24.1	25.8	28.8	30.8	29.6	24.6	24.7	-36.7	-9.0	10.1	27.4	24.9	27.4
9.	Genuine Profits	117.6	103.7e	101.5	103.9	113.7	118.7	127.2	137.1	148.1	153.6	11.6	-2.8	29.2	112.6	109.5	141.5
10.	Mean Closing-Dow Jones	909.2	864.4	845.9	878.6	913.2	865.3	928.0	969.4	1046.7	1098.6	4.7	-6.1	15.4	933.0	875.8	1010.7
11.	Mean Closing-NY Comp.	72.86	71.16	69.95	72.89	74.61	72.51	74.96	79.16	83.78	88.65	8.8	-2.1	12.6	74.08	72.49	81.64
12	Monetary Base	168.2	169.2	172.2	174.6	177.5	180.4	183.2	186.0	189.0	191.7	6.6	5.6	6.4	166.9	176.2	187.5
13.	Checkable Deposits	310.6	315.5	322.0	323.5	329.8	332.8	336.3	339.5	343.6	347.6	8.2	5.3	4.5	310.7	327.0	341.8
14.	Money Supply (M1-B)	431.6	437.7	446.5	449.6	458.3	463.9	469.7	475.2	481.4	487.8	7.0	5.5	5.3	430.7	454.6	478.5
15.	Velocity of (M1-B)	6.741	6.688	6.629	6.716	6.806	6.924	7.033	7.127	7.195	7.281	4.1	1.7	5.8	6.659	6.770	7.161
16.	M-2	1774.7	1821.9	1863.3	1902.4	1952.2	1997.5	2046.6	2093.6	2143.1	2197.3	9.7	9.7	9.8	1759.7	1930.1	2120.2
17.	Velocity of M-2	1.639	1.607	1.584	1.587	1.598	1.608	1.614	1.618	1.616	1.616	1.5	-2.1	1.3	1.630	1.595	1.616
18.	Federal Funds	17.58	13.59	13.75	12.46	15.38	17.93	14.13	15.65	13.96	13.12	22.6	-9.2	-4.4	16.38	14.88	14.22
19.	6 Month T-Bills	15.06	12.21	13.52	12.14	13.92	14.82	12.93	13.72	12.62	12.41	21.4	-1.4	-5.0	13.80	13.60	12.92
20.	Seasoned AAA Corp.	14.92	14.62	15.33	14.96	15.41	15.65	15.25	15.37	15.02	14.78	18.7	8.2	-1.5	14.17	15.34	15.11
21.	Savings Capital S&L	513.9	519.0	523.3	530.9	536.5	538.7	542.4	544.9	550.5	556.6	5.7	3.1	3.0	516.4	532.4	548.6
22.	Mortgages Outstanding S&L	517.5	519.1	524.3	532.4	538.3	544.7	549.0	555.8	561.3	567.3	5.6	4.2	4.4	513.5	534.9	558.4
23.	Housing Starts	966	903	818	1093	1199	1354	1502	1311	1295	1427	-16.2	0.7	24.0	1108	1116	1384
24.	Single Family Starts	639	554	492	704	773	895	996	849	864	951	-17.1	0.4	27.8	713	716	915
25.	Unit Auto Sales	9.10	7.27	7.75	7.97	8.43	8.71	9.15	9.27	9.62	10.14	-5.4	-4.3	16.1	8.59	8.22	9.55
26.	Civilian Employment	100.65	100.04	99.45	99.46	100.01	100.53	101.24	101.85	102.34	102.79	1.1	1.5	2.2	98.36	99.86	102.10
27.	Unemployment Rate	7.4	8.3	8.9	9.4	9.3	9.3	9.0	8.7	8.6	8.5	7.0	1.5	2.2	7.6	9.2	8.7
28.	Industrial Production Index	153.0	146.3	141.1	142.2	147.4	150.4	152.9	155.4	156.4	157.3	2.7	-3.7	7.0	150.9	145.3	155.5
29.	Asset-Consumption Ratio	2.952	2.936	2.890	2.925	2.906	2.861	2.868	2.880	2.899	2.907	1.5	-3.3	-0.2	2.996	2.896	2.889

Table 7 Changes in Outlook on Significant Variables

		1981		1982				1983			
		III	IV	I	II	III	IV	I	II	III	IV
1.	Gross National Product										
2.	Available November 1981	2947.0									
3.	Available February 1982	2965.0	2984.9								
4.	Forecast February 1982			3013.5	3074.7	3177.0	3269.6	3360.3	3447.9	3529.2	3619.8
5.	Forecast November 1981		2986.5	3032.6	3111.2	3196.7	3284.3	3364.5	3463.8	3550.0	
6.	Forecast August 1981	2915.6	2992.4	3076.5	3165.4	3249.4	3558.9	3443.2	3520.2		
7.	Forecast May 1981	2982.1	3062.2	3157.0	3265.5	3362.5	3468.8	3552.2			
8.	Forecast February 1981	2970.5	3079.4	3177.5	3262.4	3354.0	3449.6				
9.	Forecast November 1980	2882.2	2933.3	3077.1	3165.2	3245.0					
10.	Forecast August 1980	2872.6	2971.8	3048.4	3124.7						
11.	Forecast May 1980	2850.5	2935.8	3014.4							
12.	Forecast February 1980	2901.3	2981.9								
13.	Implicit Price Deflator										
14.	Available November 1981	195.40									
15.	Available February 1982	195.61	199.58								
16.	Forecast February 1982			203.42	206.76	210.52	214.51	218.27	221.54	225.11	229.35
17.	Forecast November 1981		199.82	203.34	207.10	210.96	215.36	219.34	223.77	228.27	
18.	Forecast August 1981	194.46	198.83	202.79	206.40	210.47	214.75	218.70	223.19		
19.	Forecast May 1981	195.51	199.67	204.02	208.33	212.49	216.76	220.95			
20.	Forecast February 1981	197.38	202.11	206.34	210.19	214.46	219.23				
21.	Forecast November 1980	199.88	204.49	208.67	212.67	216.41					
22.	Forecast August 1980	198.30	202.27	206.48	210.27						
23.	Forecast May 1980	198.10	202.36	206.45							
24.	Forecast February 1980	197.95	202.34								
25.	GNP in 1972 Dollars										
26.	Available November 1981	1508.2									
27.	Available February 1982	1515.8	1495.6								
28.	Forecast February 1982			1481.4	1487.1	1509.1	1524.2	1539.5	1556.3	1567.8	1578.3
29.	Forecast November 1981		1494.6	1491.4	1502.3	1515.3	1525.0	1533.9	1547.9	1555.2	
30.	Forecast August 1981	1499.3	1505.0	1517.1	1533.6	1543.9	1564.1	1574.4	1577.2		
31.	Forecast May 1981	1525.3	1533.6	1547.4	1567.5	1582.4	1600.3	1607.3			
32.	Forecast February 1981	1505.0	1523.6	1539.9	1552.1	1563.9	1573.5				
33.	Forecast November 1980	1442.0	1458.9	1474.6	1489.0	1499.5					
34.	Forecast August 1980	1448.6	1468.5	1476.4	1486.0						
35.	Forecast May 1980	1438.9	1450.8	1460.1							
36.	Forecast February 1980	1465.7	1473.7								

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Table 7 (2) Change in Outlook on Significant Variables

		1981		1982				1983			
		III	IV	I	II	III	IV	I	II	III	IV
37.	Personal Consumption										
38.	Available November 1981	1888.6									
39.	Available February 1982	1883.9	1905.5								
40.	Forecast February 1982			1949.2	1984.1	2038.8	2089.0	2141.3	2188.4	2241.8	2299.3
41.	Forecast November 1981		1928.6	1970.1	2019.2	2067.8	2117.9	2170.5	2231.3	2292.0	
42.	Forecast August 1981	1876.8	1926.8	1971.4	2021.2	2074.3	2136.4	2192.8	2255.9		
43.	Forecast May 1981	1891.6	1942.0	2004.1	2062.1	2118.0	2178.4	2244.8			
44.	Forecast February 1981	1894.2	1952.9	2011.7	2064.9	2120.9	2180.3				
45.	Forecast November 1980	1880.5	1933.7	1984.7	2034.0	2086.1					
46.	Forecast August 1980	1856.6	1918.4	1973.7	2030.0						
47.	Forecast May 1980	1839.2	1877.0	1934.7							
49.	Forecast February 1980	1887.0	1941.4								
49.	Gross Private Dom. Invest.										
50.	Available November 1981	449.8									
51.	Available February 1982	463.0	443.6								
52.	Forecast February 1982			405.8	426.9	466.5	492.8	508.8	536.2	544.5	554.4
53.	Forecast November 1981		429.1	420.1	437.4	456.9	476.3	493.9	510.8	516.6	
54.	Forecast August 1981	431.5	435.2	459.7	484.2	504.4	534.5	548.6	542.5		
55.	Forecast May 1981	444.7	469.5	487.5	521.6	541.2	568.8	574.9			
56.	Forecast February 1981	441.7	470.5	496.7	518.0	531.3	541.9				
57.	Forecast November 1980	419.2	448.1	476.1	504.3	519.2					
58.	Forecast August 1980	433.2	459.2	471.2	479.1						
59.	Forecast May 1980	439.4	458.8	476.6							
60.	Forecast February 1980	446.4	453.5								
61.	Government Purchases of Goods and Services										
62.	Available November 1981	590.5									
63.	Available February 1982	588.9	615.7								
64.	Forecast February 1982			626.4	637.1	651.7	673.0	689.8	708.0	726.7	750.8
65.	Forecast November 1981		609.5	623.8	637.4	652.1	673.8	689.8	707.8	726.1	
66.	Forecast August 1981	585.5	605.6	620.6	636.5	652.5	673.0	690.3	707.1		
67.	Forecast May 1981	604.7	623.5	638.2	655.1	671.5	694.9	711.9			
68.	Forecast February 1981	598.6	622.6	637.1	652.5	669.4	693.9				
69.	Forecast November 1980	589.8	609.2	622.7	635.7	649.7					
70.	Forecast August 1980	587.8	607.2	621.6	635.7						
71.	Forecast May 1980	586.9	604.9	617.8							
72.	Forecast February 1980	581.7	599.9								

Table 7(3) Changes in Outlook on Significant Variables

		1981		1982				1983			
		III	IV	I	II	III	IV	I	II	III	IV
73.	Corporate Profits										
74.	Available November 1981	188.9e									
75.	Available February 1982	195.7	167.2e								
76.	Forecast February 1982			162.1	165.5	180.3	189.2	200.9	211.8	223.8	230.7
77.	Forecast November 1981		169.1	157.1	166.6	172.2	182.1	193.0	203.6	211.2	
78.	Forecast August 1981	170.4	174.6	183.6	193.1	201.1	212.5	215.6	216.5		
79.	Forecast May 1981	197.5	203.3	211.1	219.5	227.6	239.0	244.3			
80.	Forecast February 1981	189.0	201.7	219.1	225.4	231.2	235.7				
81.	Forecast November 1980	191.8	206.1	221.1	230.2	234.1					
82.	Forecast August 1980	187.0	202.1	216.5	222.7						
83.	Forecast May 1980	173.7	187.1	198.6							
84.	Forecast February 1980	184.1	190.6								
85.	Disposable Personal Income										
86.	Available November 1981	2040.1									
87.	Available February 1982	2042.0	2086.4								
88.	Forecast February 1982			2100.4	2141.4	2227.6	2276.0	2320.4	2364.6	2453.0	2504.0
89.	Forecast November 1981		2098.7	2128.9	2170.5	2255.4	2301.3	2342.0	2388.2	2462.6	
90.	Forecast August 1981	2035.2	2095.7	2134.9	2181.2	2269.2	2323.6	2364.7	2409.3		
91.	Forecast May 1981	2058.0	2104.2	2171.7	2224.9	2290.0	2342.9	2418.2			
92.	Forecast February 1981	2079.7	2135.7	2214.2	2268.1	2334.1	2388.2				
93.	Forecast November 1980	2019.6	2074.7	2156.4	2214.1	2278.8					
94.	Forecast August 1980	2015.4	2065.6	2132.9	2179.5						
95.	Forecast May 1980	1981.6	2014.7	2098.8							
96.	Forecast February 1980	2010.0	2059.8								
97.	Personal Savings										
98.	Available November 1981	100.2									
99.	Available February 1982	106.9	124.1								
100.	Forecast February 1982			98.7	104.2	134.5	131.0	122.1	118.1	151.9	143.9
101.	Forecast November 1981		117.3	105.1	96.7	132.0	126.6	113.9	97.6	110.2	
102.	Forecast August 1981	108.9	118.6	112.5	108.1	141.9	133.1	117.1	97.7		
103.	Forecast May 1981	114.9	109.4	114.0	108.2	116.3	107.2	115.5			
104.	Forecast February 1981	135.2	131.7	150.4	145.3	159.3	153.1				
105.	Forecast November 1980	94.8	95.5	125.1	132.4	143.7					
106.	Forecast August 1980	112.2	99.2	109.8	98.7						
107.	Forecast May 1980	92.3	76.1	111.3							
108.	Forecast February 1980	69.8	63.5								

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Table 7 (4) Changes in Outlook on Significant Variables

		1981		1982				1983			
		III	IV	I	II	III	IV	I	II	III	IV
109.	Federal Govt. Receipts										
110.	Available November 1981	636.2e									
111.	Available February 1982	638.3	622.8e								
112.	Forecast February 1982			630.9	645.0	637.2	657.0	683.9	701.7	690.2	710.3
113.	Forecast November 1981		627.9	640.6	655.2	644.1	663.0	689.2	711.2	698.2	
114.	Forecast August 1981	631.1	634.0	651.9	672.0	660.9	684.9	707.7	727.9		
115.	Forecast May 1981	654.3	673.5	668.7	689.7	711.9	738.3	729.6			
116.	Forecast February 1981	604.7	628.4	628.8	650.8	673.5	694.1				
117.	Forecast November 1980	606.5	626.7	621.1	642.2	664.1					
118.	Forecast August 1980	616.4	640.2	642.3	663.3						
119.	Forecast May 1980	633.8	655.6	662.5							
120.	Forecast February 1980	643.8	669.5								
121.	Federal Govt. Expenditures										
122.	Available November 1981	695.5									
123.	Available February 1982	694.0	719.4								
124.	Forecast February 1982			727.6	733.1	757.1	776.4	788.7	799.7	824.1	841.7
125.	Forecast November 1981		716.9	725.7	732.8	755.6	766.8	774.2	786.7	810.5	
126.	Forecast August 1981	695.1	707.7	712.5	721.4	744.4	754.0	762.9	773.3		
127.	Forecast May 1981	708.0	712.7	715.1	722.4	746.8	757.1	766.4			
128.	Forecast February 1981	699.2	716.6	725.8	735.0	764.9	784.8				
129.	Forecast November 1980	678.3	695.7	705.3	715.4	739.6					
130.	Forecast August 1980	677.6	695.2	707.7	718.1						
131.	Forecast May 1980	678.4	695.7	709.3							
132.	Forecast February 1980	675.7	694.4								
133.	Surplus for ALL Governments										
134.	Available November 1981	-22.1e									
135.	Available February 1982	-17.9	-61.4e								
136.	Forecast February 1982			-63.3	-54.5	-82.2	-79.4	-63.4	-55.0	-89.8	-84.8
137.	Forecast November 1981		-52.4	-52.1	-45.0	-78.7	-72.6	-53.7	-43.1	-80.7	
138.	Forecast August 1981	-28.7	-39.7	-29.1	-17.9	-51.5	-35.9	-21.8	-11.1		
139.	Forecast May 1981	-19.2	-7.8	-13.7	1.1	-1.6	15.6	-0.2			
140.	Forecast February 1981	-58.2	-50.5	-57.0	-43.7	-50.6	-49.6				
141.	Forecast November 1980	-42.5	-38.1	-50.7	-38.2	-38.0					
142.	Forecast August 1980	-33.9	-25.0	-35.0	-23.2						
143.	Forecast May 1980	-21.2	-16.5	-23.6							
144.	Forecast February 1980	3.8	13.8								

Table 7 (5) Changes in Outlook on Significant Variables

		1981		1982				1983			
		III	IV	I	II	III	IV	I	II	III	IV
145.	Consumer Price Index										
146.	Actual	276.7	280.7								
147.	Forecast February 1982			282.9	286.8	292.7	298.9	303.6	308.3	313.8	319.9
148.	Forecast November 1981		282.9	287.9	292.5	297.6	303.2	309.4	316.7	323.7	
149.	Forecast August 1981	275.6	280.3	285.1	290.5	295.7	301.7	307.6	314.3		
150.	Forecast May 1981	275.8	281.9	288.9	295.1	300.6	306.9	314.7			
151.	Forecast February 1981	278.6	284.9	291.7	298.9	305.8	313.0				
152.	Forecast November 1980	277.3	283.3	289.2	295.5	301.0					
153.	Forecast August 1980	273.1	279.0	285.6	292.3						
154.	Forecast May 1980	274.2	279.7	286.5							
155.	Forecast February 1980	274.6	281.0								
156.	After Tax Profits										
157.	Available November 1981	153.1e									
158.	Available February 1982	156.3	137.4e								
159.	Forecast February 1982			130.0	134.3	145.5	153.1	158.9	167.2	173.5	179.6
160.	Forecast November 1981		139.1	121.7	129.4	137.2	145.1	150.3	161.5	166.7	
161.	Forecast August 1981	135.1	139.1	136.3	141.7	150.4	157.3	154.8	162.6		
162.	Forecast May 1981	164.2	165.8	165.7	168.1	175.0	181.6	181.6			
163.	Forecast February 1981	147.3	153.0	163.4	172.0	177.0	178.9				
164.	Forecast November 1980	144.6	148.6	159.5	164.5	171.2					
165.	Forecast August 1980	147.1	155.2	167.4	174.7						
166.	Forecast May 1980	142.1	149.6	162.7							
167.	Forecast February 1980	141.7	149.4								
168.	Mean Dow-Jones Closing Avg.										
169.	Actual	909.2	864.4								
170.	Forecast February 1982			845.9	878.6	913.2	865.3	928.0	969.4	1046.7	1098.6
171.	Forecast November 1981		874.8	893.1	924.6	935.2	949.1	1048.9	1097.5	1121.0	
172.	Forecast August 1981	962.4	954.6	995.2	1064.7	1095.3	1101.7	1152.7	1155.6		
173.	Forecast May 1981	940.7	990.0	1066.7	1137.7	1249.0	1225.4	1247.2			
174.	Forecast February 1981	1064.1	1119.3	1162.4	1160.3	1182.8	1116.4				
175.	Forecast November 1980	1073.4	1109.7	1156.3	1157.9	1120.2					
176.	Forecast August 1980	1071.8	1070.0	1179.4	1186.6						
177.	Forecast May 1980	1042.5	1021.2	1103.5							
178.	Forecast February 1980	1141.2	1121.5								

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Table 7 (6) Changes in Outlook on Significant Variables

		1981		1982				1983			
		III	IV	I	II	III	IV	I	II	III	IV
179.	Treasury Bill Rate										
180.	Actual	15.06	12.21								
181.	Forecast February 1982			13.52	12.14	13.92	14.82	12.93	13.72	12.62	12.41
182.	Forecast November 1981		12.75	11.42	11.89	13.15	14.02	13.11	13.43	13.65	
183.	Forecast August 1981	14.42	13.95	13.26	12.85	13.78	14.02	13.61	12.76		
184.	Forecast May 1981	13.92	12.95	12.46	11.16	10.27	10.51	11.39			
185.	Forecast February 1981	10.76	11.26	11.72	13.06	12.86	13.05				
186.	Forecast November 1980	8.63	9.76	10.39	11.04	12.41					
187.	Forecast August 1980	8.41	9.62	8.79	9.05						
188.	Forecast May 1980	8.52	9.03	9.38							
189.	Forecast February 1980	8.69	8.92								
190.	Housing Starts										
191.	Actual	0.966	0.903								
192.	Forecast February 1982			0.818	1.093	1.199	1.354	1.502	1.311	1.295	1.427
193.	Forecast November 1981		0.982	1.015	1.140	1.241	1.388	1.447	1.436	1.421	
194.	Forecast August 1981	1.040	1.198	1.359	1.414	1.566	1.522	1.513	1.499		
195.	Forecast May 1981	1.325	1.371	1.509	1.615	1.659	1.658	1.500			
196.	Forecast February 1981	1.462	1.475	1.819	1.526	1.705	1.612				
197.	Forecast November 1980	1.516	1.648	1.787	1.877	1.849					
198.	Forecast August 1980	1.768	1.892	1.966	2.017						
199.	Forecast May 1980	1.960	1.993	2.217							
200.	Forecast February 1980	1.785	1.770								
201.	Unemployment Rate										
202.	Actual	7.4	8.3								
203.	Forecast February 1982			8.9	9.4	9.3	9.3	9.0	8.7	8.6	8.5
204.	Forecast November 1981		8.1	8.3	8.5	8.5	8.4	8.4	8.4	8.3	
205.	Forecast August 1981	7.6	7.9	7.9	7.9	7.8	7.6	7.5	7.6		
206.	Forecast May 1981	7.2	7.2	7.0	7.0	6.9	6.8	6.6			
207.	Forecast February 1981	7.7	7.6	7.5	7.4	7.3	7.2				
208.	Forecast November 1980	7.9	7.8	7.7	7.5	7.3					
209.	Forecast August 1980	8.3	8.1	8.0	7.9						
210.	Forecast May 1980	8.2	8.1	8.1							
211.	Forecast February 1980	6.7	6.7								

Table 7 (7) Changes in Outlook on Significant Variables

		1981		1982				1983			
		III	IV	I	II	III	IV	I	II	III	IV
212.	Civilian Employment										
213.	Before Revision	98.73									
	Revised	100.65	100.04								
214.	Forecast February 1982			99.45	99.46	100.01	100.53	101.24	101.85	102.34	102.79
215.	Money Supply										
216.	Actual	431.6	437.7								
217.	Forecast February 1982			446.5	449.6	458.3	463.9	469.7	475.2	481.4	487.8
218.	Forecast November 1981		437.6	440.7	449.8	455.2	462.8	468.1	475.8	481.2	
219.	Forecast August 1981	434.1	441.2	448.8	455.5	464.6	469.0	476.3	483.0		
220.	Forecast May 1981	434.9	442.2	447.2	459.1	467.9	478.7	482.1			
221.	Forecast February 1981	433.3	445.4	455.2	460.2	467.8	476.1				
222.	Forecast November 1980	432.9	443.1	454.3	465.3	473.2					
223.	Forecast August 1980	425.8	433.0	440.7	448.0						
224.	Forecast May 1980	423.1	429.4	437.3							
225.	Forecast February 1980	427.1	437.3								
226.	Industrial Production										
227.	Actual	153.0	146.3								
228.	Forecast February 1982			141.1	142.2	147.4	150.4	152.9	155.4	156.4	157.3
229.	Forecast November 1981		150.4	149.0	150.3	152.0	153.5	153.9	156.3	156.0	
230.	Forecast August 1981	150.3	149.8	151.9	154.5	155.7	158.8	160.1	159.5		
231.	Forecast May 1981	153.2	154.8	156.5	160.9	163.0	166.2	165.6			
232.	Forecast February 1981	151.3	157.4	162.0	164.8	166.5	167.6				
233.	Forecast November 1980	144.5	147.2	149.5	151.8	153.0					
234.	Forecast August 1980	148.5	151.8	152.0	152.7						
235.	Forecast May 1980	152.6	154.6	156.1							
236.	Forecast February 1980	151.5	153.5								
237.	Seasoned Aaa Corporate Bonds										
238.	Actual	14.92	14.62								
239.	Forecast February 1982			15.33	14.96	15.41	15.65	15.25	15.37	15.02	14.78
240.	Forecast November 1981		15.13	14.43	14.41	14.62	15.01	14.43	14.45	14.76	
241.	Forecast August 1981	14.34	14.17	13.89	13.66	13.82	14.11	13.95	13.80		
242.	Forecast May 1981	14.01	13.68	13.27	12.96	12.59	12.75	12.91			
243.	Forecast February 1981	11.94	12.09	12.43	12.71	12.61	12.78				
244.	Forecast November 1980	10.97	11.26	11.42	11.78	12.23					
245.	Forecast August 1980	10.36	10.91	10.62	10.83						
246.	Forecast May 1980	9.93	10.21	10.51							
247.	Forecast February 1980	9.96	9.78								

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Table 8 U.S. Foreign Trade Accounts

	1981	1982	1983	80-81	81-82	82-83
Exports of U.S. Merchandise	233533	232344	254091	5.9	-0.5	9.4
Food & Live Animals	30303	29545	32974	9.2	-2.5	11.6
Beverages & Tobacco	2919	2789	3111	9.6	-4.5	11.6
Crude Materials	20886	22125	25438	-12.2	5.9	15.0
Mineral Fuels	10298	13214	15083	29.0	28.3	14.1
Animal & Vegetable Oils	1750	1825	1899	-10.1	-4.3	4.0
Chemicals	21193	20368	22615	2.2	-3.9	11.0
Manufactured Goods	20625	17540	20128	-8.9	-15.0	14.8
Machinery, Trans. Equip.	95645	94808	99224	13.1	-.9	4.7
Misc. Manufacturing	16748	16043	17741	2.5	-4.2	10.6
Commodities, n.e.c.	8386	7848	8896	-0.5	-6.4	13.4
Re-exports	4779	6241	6984	16.1	30.6	11.9
Imports of U.S. Merchandise	261475	257687	289442	6.8	-1.4	12.3
Food & Live Animals	15238	16430	18265	-3.3	7.8	11.2
Beverages & Tobacco	3149	2870	3084	13.1	-8.9	7.4
Crude Materials	11226	9501	11309	6.8	-15.4	19.0
Mineral Fuels	81417	72817	75483	-1.8	-10.6	3.7
Animal & Vegetable Oils	480	450	523	-9.9	-6.3	16.1
Chemicals	9484	9276	11048	10.4	-2.2	19.1
Manufactured Goods	37339	36700	43605	15.9	-1.7	18.8
Machinery, Trans. Equip.	69721	73029	82165	15.1	4.7	12.5
Misc. Manufacturing	26129	28468	34363	10.0	8.9	20.7
Commodities, n.e.c.	7296	8416	9599	1.0	11.7	17.8
Balance of Payments Accounts						
Total Exports	376766	380500	422111	9.3	1.0	10.9
Merchandise	236599	233588	255338	5.6	-1.3	9.3
Reinvestment	12695	11555	13791	-25.3	-9.0	19.4
Other Investment	78145	82085	94751	32.6	5.0	15.4
Other Goods & Services	49327	53273	58231	10.2	8.0	9.3
Total Imports	364438	369755	418429	9.1	1.5	13.2
Merchandise	264641	260850	292448	6.2	-1.4	12.1
Reinvestment	4411	4698	5899	-28.7	6.5	25.6
Other Investment	50178	55825	66465	35.7	11.3	19.1
Other Services	45208	48383	53618	9.2	7.0	10.8
Current Account Balance	5228	3245	-3868	-	-	-

Table 9 IMPLICIT PRICE INDICES WITH ANNUAL PERCENTAGE CHANGES

	81-3	81-4	82-1	82-2	82-3	82-4	83-1	83-2	83-3	83-4	80-81	81-82	82-83	1981	1982	1983
Personal Cons. Exp.	195.7	199.3	202.7	206.0	209.8	213.5	217.1	220.7	224.4	228.3	8.3	7.4	7.0	193.7	208.0	222.6
% Change	9.0	7.5	6.9	6.7	7.6	7.2	7.0	6.8	6.8	7.2						
Consumer Price Index	276.7	280.7	282.9	286.8	292.7	298.9	303.6	308.3	313.8	319.9	10.3	6.6	7.3	272.3	290.3	311.4
% Change	12.0	5.9	3.2	5.6	8.5	8.8	6.4	6.3	7.3	8.0						
Durables	168.3	170.2	172.1	174.4	177.1	179.9	182.6	184.9	187.4	190.2	6.7	5.6	5.9	166.5	175.9	186.3
% Change	7.3	4.4	4.5	5.6	6.3	6.4	6.1	5.1	5.6	6.1						
Nondurables	203.7	206.1	208.9	211.9	215.2	218.6	221.7	224.7	227.8	231.6	7.3	5.6	6.0	202.4	213.7	226.5
% Change	6.8	4.8	5.6	5.9	6.5	6.4	5.9	5.6	5.7	6.9						
Services	197.6	202.2	206.6	210.4	215.1	219.4	223.9	228.3	232.9	237.5	9.6	9.1	8.4	195.1	212.9	230.7
% Change	11.6	9.7	8.9	7.8	9.3	8.3	8.4	8.1	8.3	8.2						
Structures	249.2	255.6	262.8	268.7	274.4	280.1	286.3	292.4	298.2	304.2	9.6	10.2	8.8	246.4	271.5	295.3
% Change	8.7	10.6	11.7	9.3	8.8	8.5	9.2	8.8	8.1	8.4						
Producers Durables	184.0	186.6	188.8	191.3	193.8	196.3	199.2	202.3	205.4	208.6	7.2	5.7	5.9	182.3	192.6	203.9
% Change	4.5	5.8	4.7	5.5	5.3	5.3	6.1	6.4	6.2	6.4						
Housing	235.4	236.7	241.0	244.6	249.1	253.3	257.3	260.6	263.3	266.1	6.5	6.1	6.0	232.8	247.0	261.8
% Change	6.4	2.3	7.4	6.1	7.5	7.0	6.4	5.3	4.2	4.3						
Exports	229.8	232.9	235.5	238.8	242.7	246.8	251.3	255.4	259.8	264.1	8.6	5.1	6.9	229.2	241.0	257.7
% Change	3.3	5.4	4.6	5.8	6.6	6.9	7.5	6.7	7.1	6.8						
Imports	289.8	291.2	292.3	295.0	301.1	306.7	312.7	319.4	325.5	331.4	2.1	0.9	7.9	296.2	298.8	322.3
% Change	-14.4	2.0	1.5	3.8	8.5	7.6	8.1	8.9	7.8	7.5						
Federal	206.6	215.4	218.2	221.3	224.5	232.9	236.0	239.4	242.6	251.5	12.0	8.9	8.0	205.9	224.2	242.4
% Change	9.7	18.2	5.4	5.8	6.2	15.7	5.4	6.0	5.5	15.5						
Federal Purchases	227.6	231.5	235.2	239.5	244.5	248.5	252.8	257.0	261.9	266.6	12.5	8.2	7.3	223.5	241.9	259.6
% Change	14.7	7.0	6.6	7.6	8.5	6.7	7.1	6.8	7.8	7.5						
Federal Value Added	180.5	194.4	195.5	196.7	197.2	211.0	212.2	213.6	213.6	228.5	10.3	8.9	8.4	183.7	200.1	217.0
% Change	0.7	34.5	2.3	2.6	0.9	31.2	2.3	2.8	0.0	31.0						
State & Local	202.8	206.4	210.2	214.4	218.8	223.1	227.6	231.9	236.3	240.8	8.5	8.1	8.1	200.4	216.6	234.2
% Change	9.9	7.2	7.6	8.4	8.4	8.2	8.3	7.7	7.9	7.8						
State & Local Purchases	215.2	218.4	222.2	226.7	231.1	235.4	240.0	244.4	248.9	253.2	8.6	7.6	7.7	212.4	228.9	246.6
% Change	10.6	6.1	7.2	8.3	8.1	7.7	8.0	7.5	7.6	7.1						
State & Local Value Added	194.2	198.0	201.8	205.8	210.3	214.6	218.9	223.1	227.5	232.0	8.7	8.3	8.3	192.1	208.1	225.4
% Change	9.6	8.1	7.9	8.2	9.0	8.5	8.3	7.9	8.2	8.1						

Table 10   IMPLICIT PRICE DEFLATOR FOR PERSONAL CONSUMPTION EXPENDITURES

	81-3	81-4	82-1	82-2	82-3	82-4	83-1	83-2	83-3	83-4	80-81	81-82	82-83	1981	1982	1983
Personal Cons. Exp.	195.7	199.3	202.7	206.0	209.8	213.5	217.0	220.7	224.4	228.3	8.3	7.4	7.0	193.7	208.0	222.6
% Change	9.0	7.5	6.9	6.7	7.6	7.2	7.0	6.8	6.8	7.2						
Consumer Price Index	276.7	280.7	282.9	286.8	292.7	298.9	303.6	308.3	313.8	319.9	10.3	6.6	7.3	272.3	290.3	311.4
% Change	12.0	5.9	3.2	5.6	8.5	8.8	6.4	6.3	7.3	8.0						
Durable Goods	168.3	170.2	172.1	174.4	177.1	179.9	182.6	184.9	187.4	190.2	6.7	5.6	5.9	166.5	175.9	186.3
% Change	7.3	4.4	4.5	5.6	6.3	6.4	6.1	5.1	5.6	6.1						
Autos	184.6	188.4	190.4	193.8	197.1	200.7	203.6	206.7	209.8	213.0	8.6	7.7	6.5	181.5	195.5	208.3
% Change	9.2	8.5	4.3	7.3	7.0	7.6	5.9	6.3	6.0	6.4						
Furniture	152.9	154.1	155.4	156.9	158.8	160.5	162.4	164.2	165.9	167.7	5.6	4.2.	4.5	151.6	157.9	165.0
% Change	5.4	3.2	3.5	3.9	4.9	4.3	4.7	4.5	4.1	4.6						
Other Durables	170.2	173.4	174.6	175.7	177.4	180.0	182.3	184.3	186.2	188.5	5.3	3.9	4.7	170.3	176.9	185.3
% Change	1.2	7.7	2.7	2.6	3.8	5.9	5.1	4.5	4.2	5.0						
Nondurables	203.7	206.1	208.9	211.9	215.2	218.6	221.7	224.7	227.8	231.6	7.3	5.6	6.0	202.4	213.6	226.4
% Change	6.8	4.8	5.6	5.8	6.5	6.4	5.9	5.6	5.7	6.9						
Food	208.7	211.1	214.7	219.5	223.1	226.6	230.4	234.2	237.9	242.4	8.7	6.8	6.9	207.0	221.0	236.2
% Change	9.1	4.7	6.9	9.3	6.8	6.5	6.8	6.7	6.5	7.8						
Apparel	139.6	139.7	140.4	141.2	142.9	144.3	145.0	145.8	147.3	148.5	3.1	2.7	3.1	138.5	142.2	146.6
% Change	5.3	0.3	1.9	2.3	5.0	4.1	1.9	2.3	4.1	3.2						
Gas & Oil	370.4	378.1	376.0	380.0	386.0	391.6	399.7	407.4	416.3	424.4	10.8	2.0	7.4	375.9	383.4	411.9
% Change	-8.8	4.5	-2.3	4.3	6.5	5.9	8.6	7.9	9.1	8.0						
Fuel Oil	575.3	580.0	592.5	603.3	612.0	625.9	642.9	659.9	673.0	686.9	21.8	6.0	9.4	574.3	608.5	665.7
% Change	-5.0	3.3	8.9	7.5	5.9	9.4	11.3	11.0	8.2	8.5						
Other Nondurables	186.7	189.9	193.0	196.1	199.3	202.3	205.3	208.2	211.3	214.4	8.6	7.0	6.1	184.8	197.7	209.8
% Change	7.2	7.0	6.6	6.5	6.8	6.2	6.0	5.8	6.0	6.1						
Services	197.6	202.2	206.6	210.4	215.1	219.4	223.9	228.3	232.9	237.5	9.6	9.1	8.3	195.1	212.9	230.6
% Change	11.6	9.7	8.9	7.8	9.3	8.3	8.4	8.1	8.3	8.2						
Housing	182.0	185.8	189.6	193.5	197.5	201.7	206.0	210.3	214.6	219.0	8.8	8.5	8.6	180.2	195.6	212.5
% Change	9.1	8.6	8.4	8.4	8.7	8.8	8.7	8.6	8.5	8.5						
Electricity & Gas	280.3	286.2	294.1	304.3	317.3	328.1	337.6	348.1	360.9	372.9	13.9	14.1	14.1	272.6	310.9	354.9
% Change	24.2	8.7	11.5	14.6	18.2	14.3	12.1	13.0	15.6	14.0						
Household Operations	162.9	168.0	171.1	173.6	176.2	178.4	181.4	184.1	186.5	188.7	9.8	8.8	5.9	160.7	174.8	185.2
% Change	13.9	13.1	7.5	5.9	6.2	5.2	6.9	6.1	5.2	5.0						
Transportation	201.4	202.3	206.6	210.0	214.2	217.9	221.5	225.4	229.7	233.6	7.8	6.8	7.2	198.7	212.2	227.5
% Change	9.2	1.8	8.7	6.7	8.3	7.1	6.7	7.3	7.8	6.9						
Other Services	208.3	214.3	218.8	222.6	227.4	231.9	236.3	240.6	245.1	249.8	10.1	9.4	7.9	205.9	225.2	242.9
% Change	12.0	12.0	8.6	7.1	8.9	8.1	7.8	7.5	7.6	7.9						

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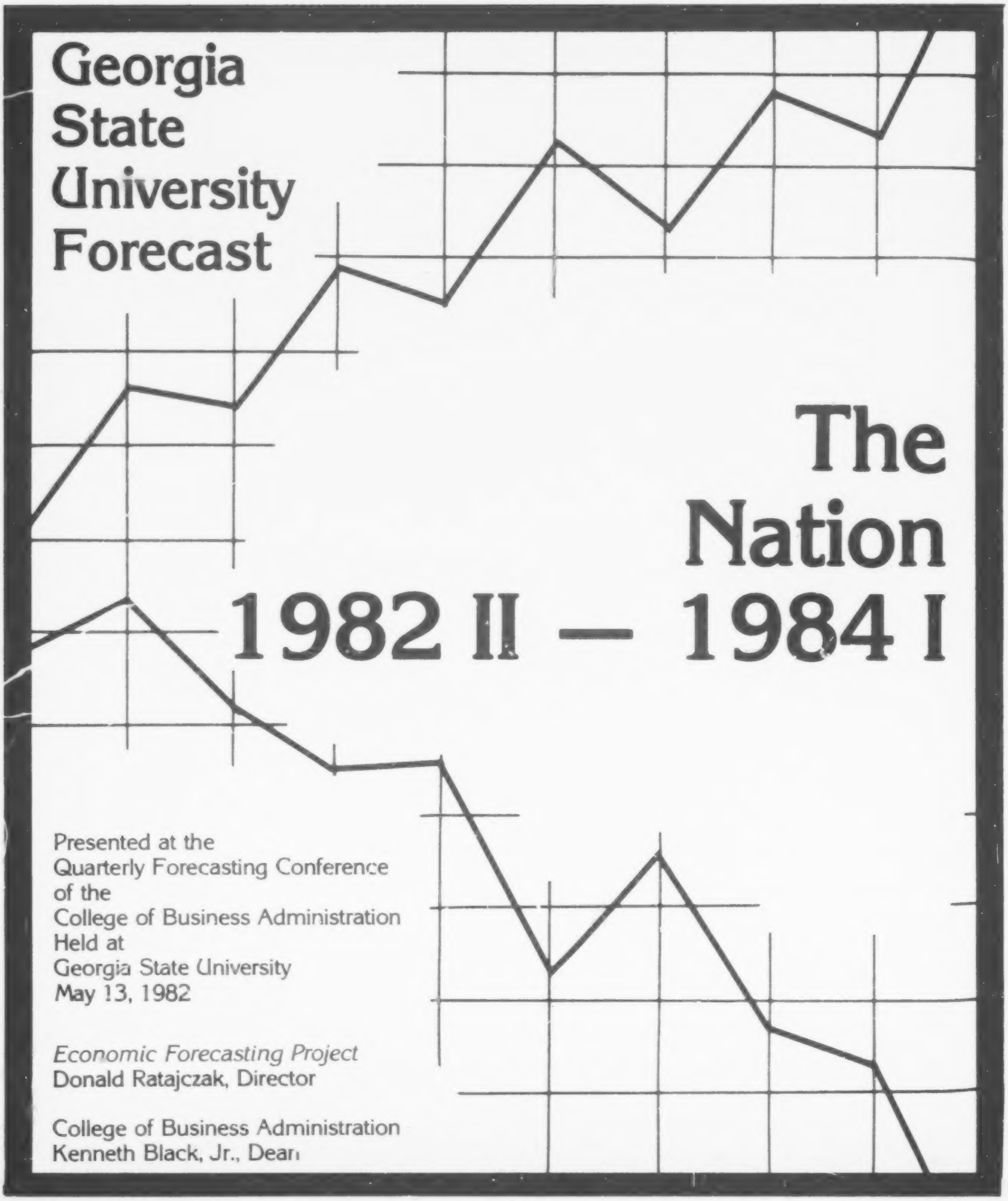

Georgia State University Forecast

The Nation

1982 II — 1984 I

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Georgia State University is a unit of the University System of Georgia.

INVENTORIES ON SCHEDULE TO GENERATE LATE SPRING RECOVERY

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COMMENTARY

Inventory liquidations at a $17.5 billion real annual rate during the first quarter have laid the foundations for economic expansion in the latter half of 1982. Liquidations are continuing during the spring and also may be modest during the summer, but the gap between production and final sales should begin to narrow by June. Sales, of course, could decline further. After brisk gains in January and February, consumer spending declined in March and April. Savings incentives contained in the Economic Recovery Act of 1981 may be responsible for some reduction in consumer activity, but most of this swing in consumer spending reflects unintended consumption required by a severe winter and the subsequent rebuilding of consumer liquidity in March and April. Consumer spending should grow again before the end of spring. First, inflation is lagging behind the growth of wages. As a result, real earnings are rising for the first sustainable period since 1979. Second, the real impact of the 10% tax cut scheduled for July 1 is being enhanced as reduced inflationary pressure is slowing the progress of "bracket creep" up the progressive tax schedules. Therefore, consumer support for the economy should develop after this brief period of liquidity building in the early spring.

Sales are weakening in foreign markets. Not only has the recession lingered in Europe, but a strong dollar continued to exert downward pressures upon foreign sales through the early part of 1982. Because oil imports were falling as rapidly as exports, the current account balance continued to register dramatic surpluses. Thus the dollar remained a very strong currency. Now that energy prices are stabilizing and the inventory liquidiation of oil products in the United States is well advanced, further reductions in the value of oil imports are increasingly unlikely. Unfortunately, weakening export markets should persist into 1983. Europe will have an economic recovery in the second half of 1982 in response to declining oil prices earlier in the year, but the reduced competitiveness of American goods should more than offset the impact of gradually expanding foreign markets. Only in 1983 are exports expected to resume significant growth. (With the aid of recent figures, the Secretary of Commerce announced that the current account surplus should continue through 1982. Our estimates clearly indicate that such will not be the case. As oil imports begin to rise, sharp deterioration in the merchandise trade balances will lead to a current account deficit beginning in the summer months of 1982. Thus, the dollar is vulnerable at current levels. Improved competitiveness generated by a depreciating currency will not be apparent in the trade accounts until 1983.)

Currently the housing market is attempting to stage a modest rebound despite conventional mortgage rates that are hovering near 17%. This rebound, however, is in jeopardy as single family sales continue to perform poorly. As interest rates begin a downward trek late in 1982, homebuyers will begin to accept balloon financing for their home purchases. Thus, a modest housing recovery remains probable late in 1982 even as conventional mortgage rates remain in the 16% vicinity. A surge in housing activity to meet the reservoir of pent-up demand is unlikely, however.

Fixed investment is declining noticeably under the pressure of high interest rates and diminished corporate liquidity. The monthly report on construction expenditures suggests that the boom in commercial construction may be over, while dwindling backlogs in the machinery industry are being reflected in reduced shipments of capital equipment at the present time. Ironically, the recession has slowed capital formation even below the growth rates that the present administration felt were unacceptable during the 1970's. With utilization rates of existing capital near postwar lows, and with moderation of energy prices reducing the speed by which capital equipment is being replaced to obtain energy efficiency, fixed investment should provide no contribution to economic expansion until interest rates fall significantly. Thus, through 1982 and even into 1983, fixed investment will be detracting from economic growth.

Activity in the government sector remains volatile, as depressed grain prices continue to exert upward pressures upon Commodity Credit Corporation loans. This rapid expansion in nondurable purchases by the federal government should slow during the second quarter, leading to a negative contribution to economic activity from the government sector. Moreover, recession and uncertainty continue to restrain structures and employment growth generated by state and local governments. Defense spending continues to grow rapidly, as reflected by the dramatic growth of defense purchases of durable goods. However, declining oil prices have permitted the government to reduce its purchases of defense nondurable goods in the present quarter. (In real terms, however, expenditures are continuing to rise in that category.) Defense spending should remain strong through the forecast period while state and local governments gradually will begin to realize that their revenue base is not deteriorating as rapidly as the rhetoric from the federal government would suggest. Thus, the government sector should be a significant contributor to expanding economic activity in the latter part of 1982 and in 1983.

When all the expenditure components are summed, the following picture emerges. Consumer spending will remain strong through 1982 and into 1983. Housing and government spending will show rising growth paths, although both sectors will show a significant amount of volatility. Fixed investment and exports will continue to trend downward through 1982 and into the next year. As those sectors growing will be more significant than those declining, final sales will gradually intensify in the latter part of 1982, following a modest pause in the spring. Because sales will not be declining, the termination of inventory liquidations must be accomplished by increasing production and employment.

Of course, some commentators will claim that the inventory swing reflects the beginning of positive forces that should have been anticipated upon the enactment of the President's program. Such a claim cannot be sustained upon careful analysis. There are some positive influences from the program, however. Secular inflation appears to be slowing. While swings in energy prices account for more than 3 percentage points of the improvement in inflation, and the strong dollar during 1981 probably is adding another percentage point to the current inflation abatement, basic inflation probably has slipped to the 7% range. Prior to the beginning of the administration's program, basic inflation appeared to have been 8.5% and was in the process of accelerating. (The difference between basic inflation and measured inflation at any point in time reflects unusual swings in commodity prices and the normal cyclical forces impacting upon profit margins and underlying costs.) As the decline in oil prices should end in the second quarter, and as the dollar loses strength in the latter part of 1982, inflation will reaccelerate to the 6-7% vicinity. Cyclical forces still should be forcing prices below underlying trends. The battle against inflation has not been won, as current statistics might suggest, but the inflation war is progressing.

Moderating wage demands account for some of the improvement in underlying inflation. The hourly earnings index slowed to a gain of 7.1% from previous year levels by April. Further improvement is anticipated in the remainder of 1982. Also, productivity is no longer deteriorating as rapidly as would be anticipated at this stage of the business cycle. Despite significant production disruptions during the first quarter, productivity in the private economy actually increased modestly. Our projections of productivity in 1983 from levels that persisted in 1980 show an annual growth of slightly more than 1%. This falls far short of the 2.5% expansion experienced in the postwar period, but it is a much more favorable number than the less than 0.5% recorded annually since 1973.

On the other hand, the slowing in government expenditures is no more significant than one would anticipate from the slowing of inflation. Certainly, transfer payment will be growing much more slowly with a 7.4% cost of living adjustment for Social Security recipients than with a 14.2% increase (which was the last increase in the Carter administration). In comparison to GNP, government expenditures have not slowed. Our estimates show that government expenditures will constitute 23.3% of GNP in 1983, an increase from the 22.9% that existed in 1980. Part of this expansion has been caused by a relative collapse in GNP, but, faulty budgetary financing has led to further relative expansion of government expenditures. Instead of displacing private resources through increased taxes, this administration has accomplished the displacement through increased borrowings. As a result, interest payments have been the fastest growing component of the federal budget. When the rapid expansion in defense is added to the interest component, Herculean reductions in other federal expenditures would be necessary to prevent deficits from rising. Most Americans probably do not know that interest payments are rising each year by a larger amount than the total expenditures used to pay for Aid to Families with Dependent Children.

The administration finally has decided that expenditures simply cannot be reduced enough to limit the deficit, and therefore the required interest expenses, in subsequent years. Revenue enhancements of $95 billion have been endorsed by the Senate Finance Committee and approved by the White House. Another $40 billion of Social Security benefit savings or increased taxes also have been endorsed. While the form of these changes is not yet known, a large part of the revenue enhancements will include takeaways from previous corporate tax reductions. Indeed, the administration's evolving program is increasingly becoming one of personal tax reductions in place of investment encouragement. While the proposed group of revenue enhancements will reduce interest rates, it will do very little to improve the growth capability of the United States, supposedly one of the administration's objectives.

Fortunately, the markets never were fooled by the argument that government deficits had no impact upon interest rates. They now fully expect to see deficits well above $100 billion for the foreseeable future and are merely hoping that the deficits won't continue to get worse. (Even our own forecast shows a deficit that has increased by nearly $20 billion in the last three months.) Thus, only unexpected deficit conditions should exert adverse impact upon the credit markets at the present time. Moreover, corporate liquidity has been unusually strained because high interest rates required rapid inventory adjustments, even at the expense of profit margins. During the first quarter of 1982, the private nonfarm price deflator grew six percentage points more slowly than unit labor costs. This is the largest gap ever measured in a quarter. Such liquidity strains have caused the corporate sector to borrow much more heavily during the recessionary period than normally develops. As the cause for the gap between unit revenues and costs was the rapid liquidation of inventories, the liquidity strain should decline when economic expansion begins. Thus, profit margins will be rising in the latter half of 1982, leading to growth in corporate liquidity sufficient to finance increased corporate borrowings at the end of the inventory runoff. Thus, interest rates need not rise in the early phase of this economic expansion.

Unfortunately, the government deficit becomes extremely intense during the summer quarter, when economic recovery is expected to begin. Thus, some increase in interest rates is anticipated at that time, but the interest rate reaction to these credit market pressures is not expected to persist beyond the summer. The long anticipated bond market rally should commence sometime during the summer months and persist with minor interruptions well into the decade.

Economic recovery, gradually declining underlying inflation rates, and gradually declining interest rates after the third quarter government deficit all lead to especially favorable investment conditions. Using the example of an investor in a 50% tax bracket, anticipated returns on invesment should be especially favorable in the next year. (In all cases except for a long-term bond exchange early in 1983, waiting for capital gains would prove more beneficial than a quick trade.) After-tax returns on stocks would be 28.6%, according to the forecast, for investors who purchase the second quarter stock market average in 1982 and liquidate upon reaching long-term capital gains in the comparable quarter in 1983. Investment in long-term bonds is less favorable but also should generate a 14.0% after-tax rate of return. Continued maintenance of a money market fund would lead to only a 7% after-tax rate of return, although the preferred strategy in bonds would be to remain in cash until after the summer credit market pressures have abated and then purchase long-term bonds. Such a procedure would generate a 19.9% annualized after-tax return according to the forecast.

Investors should not be surprised by the especially favorable investment climate that is developing despite continued problems in the credit markets and in the U.S. economy. If conditions improve, as the forecast suggests, rising equity values and some downward adjustment in market interest rates would be justified.

While economic activity may show some vigorous spurts as inventories move from liquidation to reaccumulation, the economy's performance remains unacceptable. Even after a year of recovery, final demand in 1983 is expected to have increased only a compounded 1.3% from final demand in 1979. Moreover, growth in final demand during the last few years has demonstrated no noticeable acceleration. Indeed, unfavorable government financing may be constraining growth in effective demand in the U.S. economy to less than 2% per year. Such a condition would guarantee high unemployment rates into the foreseeable future.

Recent Activity

Although the normal timing of inventory cycles indicates that recovery soon should begin, recent monthly data give little evidence that a recovery is developing. Not only have the leading indicators declined for eleven consecutive months through March, but the index which measures the percentage of industries adding to payrolls continued to register recessionary levels in April. Payroll employment declined by 198,000 in April and all the other indicators reflecting activity should reveal that April was a recession month. Despite these poor current economic conditions, some signs of developing expansion are becoming apparent. First, the employment situation showed an increase in overtime hours in the durable goods industries and an expansion of the manufacturing workweek. Second, the Producer Price Index, which showed sharp decreases in prices of crude materials in January, February, and March, should start to show price firming in those very sensitive categories. Third, money growth has remained moderate despite dramatic slowing in the inflation rate. As a result, real balances are rising significantly at the present time. Of course, moderating inflation enhances the significance of the tax cut and also leads to some moderation in government expenditures.

On the other hand, recent increases in building permits probably will not be sustained. In March, single family housing sales fell to the lowest level recorded since statistics were developed in 1963. With unsold inventories at nearly ten months of sales, reductions in housing activity certainly are likely in the absence of a surge in sales, a condition that is not anticipated. Also, state and local budgets are experiencing pressure from the immediate slowing of revenues to reflect reduced inflation and the lagged slowing of expenditures. As state and local governments cannot run deficits, this near-term budgetary squeeze is restricting employment and construction in the public sector.

The severity of the corporate liquidity problem already has been discussed. The Producer Price Index and the Hourly Earnings Index suggest that the corporate liquidity squeeze reached maximum intensity in March or April. Short-term corporate borrowings should slow their rate of growth in the second quarter and should exhibit little increase during the summer. On the other hand, prices of industrial materials should start to strengthen as inventory liquidiations end. This price firming has begun to develop in the oil industry and in some metals.

Finally, the exceptionally low inflation rates in February and March almost certainly will not persist through the second quarter. Recent estimates of breeding intentions of hog producers indicate that meat supplies may fall 6% short of previous year levels in the barbecue season. The futures prices for hogs already have reached contract highs and large increases in pork prices at the supermarket cannot be far behind. Combined with stabilizing energy prices, inflation rates should jump to 6% before summer.

Recent Performance and Outlook

Adjusted for inflation, economic activity in the first quarter was very close to anticipations. Inventory liquidations were slightly more intense than expected while government expenditures were less than expected. On balance, however, few surprises in economic activity developed in the first quarter.

One surprise that did develop, however, was the sharp reduction in inflation both as measured by the fixed weight index and by the GNP deflator. While inflation slowed in all categories except medical services, the drop was especially pronounced in the government sector. Shifts in the pricing patterns associated with Commodity Credit Corporation loans led to an unexpected decline in the price of purchased commodities by the federal government. This effect should not persist in later quarters. Indeed, the composition shifts of the first quarter would imply more rapid increases when those shifts unwind later in the year. To some extent this pattern is incorporated in the forecast for late 1982 and 1983. Nevertheless, some of the reduction in the price deflator reflects basic moderation of underlying inflation. This explains why projections of the price deflator have been reduced well into 1983.

Despite the fact that consumer activity conformed closely with anticipations during the winter, projections of consumer spending have been reduced throughout the forecast period. One reason for this moderating expenditure pattern is more moderate inflation for consumer goods. In general, consumer prices have been shaved from previous anticipations by 0.5% per year. However, the increased purchasing power implied by reduced inflation could have resulted in increased consumption. Instead, the savings rate has been adjusted substantially upward. This reflects a shift in our analysis on factors leading to desired savings. Because of recent tax changes and the deceleration of inflation, the desired asset holdings of households have been increased for any given consumption path. While this shift in the desired portfolio holdings of households is partially accomplished through higher equity values and higher bond prices, market rallies are not significant enough to create a full adjustment to desired levels. Thus, savings rates are increased from previous forecasts.

Reduced inflation is also partially responsible for the downward revision in expenditures for domestic investment. As the slowing of inflation is more dramatic than the reduction in market interest rates, real interest rates are slightly higher in this forecast than in the one generated only three months ago. Moreover, expected capital gains and the expected scrappage value of capital equipment have been reduced. Thus, investment activity has been moderated by these changing economic conditions. Regardless of the administration's intentions, there has been a shift toward increased consumption as a proportion of GNP. This is largely the result of the high growth in interest expenditures, which leads to significant gains in the interest income of households.

Our forecast now is carrying much more detail about government expenditures than in previous reports. In particular, the especially distorting effect created by nondurable purchases in the federal government can be extracted from the other, more normal performances of government expenditures. The effect of interest expenditures on government budgets can be seen indirectly through the upward revisions that are continuing in our estimates of federal government expenditures. For example, the $735.1 billion expenditures reported for the first quarter not only exceeded our anticipations by $8 billion, but it also exceeded all previous projections of government expenditures for this quarter, including those estimates generated during the Carter administration. However, one area of government expenditures has been reduced. This is purchases of goods and services by state and local governments. Sharp cuts in grants-in-aid have caused state and local governments to shrink their claims on national resources. The actual performance of federalism in the Reagan administration is one that increases the total proportion of government resources being spent by the federal government. Although the rhetoric says that the proportion of government should be increasing at the state and local level, the reality thus far has been the reverse.

The one substantial forecasting error during the first quarter was in anticipations of corporate profits. Instead of a moderate reduction, corporate profits plunged by $30 billion. This reduction in profit margins reflects the desire to sell out of undesirable inventories rather than any permanent downward adjustment of the pricing rule used by corporations. Tax changes may have moderated that pricing rule slightly, but any evidence of that effect must await a recovery in the corporate sector.

Despite the plunge in corporate profits, stock market values conformed closely to anticipations. Part of this favorable performance reflects the household portfolio adjustment that was mentioned earlier. However, part of the adjustment also reflects the improved interest rate performance relative to anticipations. (Of course, this more favorable performance also reflects the shifting portfolio desires of the household sector.) As interest rates now are expected to trend down more significantly than in previous forecasts, and as corporate profits are expected to regain most of the position they lost, stock market values are now expected to rise more substantially than three months ago.

Despite the fact that housing starts exceeded anticipations in the first quarter and that interest rates now are expected to ease more than previously anticipated, projections of housing activity have been lowered slightly. The reason for this change is an unanticipated slowing in rental increases. This directly affects the profitability of rental units and indirectly alters the competition of rental units with single family units. Easing inflation is creating tenant resistance to rent adjustments. This resistance should lessen late in 1982, but the housing market probably will have difficulty sustaining any significant advance until after 1983.

Because economic activity performed closely to anticipations in recent months, few changes were instituted in the GSU forecast. The only significant adjustments were increased disaggregation of government expenditures and the conversion to seasonally adjusted CPI estimates.

Assumptions

Despite continuing talk about budget compromises and continuing confusion about the actual state of the budget, few assumptions were significantly altered from previous forecasts. In the absence of further information, Social Security tax rates were assumed to remain at 6.7% for employee and employer contributions through 1984. The wage base was assumed to be $32,400 in 1982, $34,900 in 1983, and $37,100 in 1984. The sale lease-back arrangement was assumed no longer to be valid in any quarter of 1982. This raised the effective corporate tax rate by a percentage point by the end of the forecast period. No assumption was made on changes in personal income taxes. Thus, the 10% tax reductions for 1982 and 1983 remained while no 4% surcharge on income above $40,000 was anticipated. The corporate minimum tax was assumed to add $5 billion to corporate taxes in calendar year 1983. However, other requests for corporate increases were not incorporated in the forecast. No adjustments on excise taxes were included in the forecast despite prominent discussion of an import fee on oil. Indeed, the recent stock market rally that was led by domestic oil producers strongly suggests that Wall Street believes that an import fee is very likely. (Such a fee raises the value of domestic reserves.) Such a tax increase would reduce real purchasing power of consumers by as much as it raised revenues for the federal government. As a result, the net additions to savings pools could only be contributed by increased profits of the oil producers. To the extent that such profits may rekindle drilling activities which currently are being stretched out, needs for funds may rise at least as rapidly as the amount of funds being generated. Thus, the tax on imported oil may not have the positive impact upon interest rates that other excise taxes might generate.

A postal rate increase was anticipated in 1983. Military pay was expected to increase 8.9% in October 1982 and 9% in October 1983. Pay of civilian workers in government was expected to increase 5% both in 1982 and in 1983. The former estimate is not consistent with the call for a wage freeze in the next budget year. Military personnel were expected to exceed 2.25 million by the end of 1983 while civilians were assumed to fall to 2.7 million and remain stable once that point was reached.

The price of oil entering the United States was expected to rise from $33.00 per barrel in March 1982 to an average of $34.25 for the year. Oil prices were expected to average $36.00 in 1983 and rise by 8% in 1984.

Summary

Although evidence of an impending economic recovery remains sparse, the inventory liquidations that developed in the first quarter were so extensive that some increase in production is almost inevitable by mid-year. Indeed, economic activity could move briskly forward in a few quarters late in 1982 and in 1983. However, underlying economic growth remains sluggish. While final demand should accelerate in 1983, the four-year growth path for this important component of GNP is only an annual rate of 1.3%. Moreover, our forecast begins to register renewed economic imbalances late in 1983 that could lead to another recesssion in 1984. The cause of this further period of weakness is the continuing high interest rates after adjustment for basic inflation.

If recurring periods of economic weakness are to be avoided, the government must generate budgets that lead to withdrawal from credit markets during economic expansion. Such budgets have not been forthcoming from the administration nor does the budget compromise directly lead to that budget pattern. Unfortunately, high deficits lead to increasing interest expenditures in subsequent years. This, in turn, leads to more high deficits. Even our moderate estimates of government deficits indicate that private investors must increase their holdings of government bonds by 16.6% in 1983. In order to encourage private investors to absorb such a heavy volume of bonds real rates of interest must remain high. A healthy economy over a sustained period of time cannot develop without real interest rates well below current levels. Thus, economic recovery appears likely in the latter half of 1982; but another economic recession cannot be ruled out in 1984.

Table 1.

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1982

U.S. Expenditures for 1981-IV through 1984-I

		1981	1982				1983				1984	Percent Change			Annual		
		IV	I	II	III	IV	I	II	III	IV	I	80-81	81-82	82-83	1981	1982	1983
1.	Personal Consumption Expenditures	1908.3	1950.7	1975.6	2026.1	2075.9	2127.1	2181.0	2232.3	2282.7	2328.2	11.1	8.0	9.9	1857.8	2007.1	2205.8
2.	Autos and Parts	92.8	101.9	98.6	107.2	112.6	119.2	125.5	129.5	133.4	136.8	9.3	6.9	20.8	98.3	105.1	126.9
3.	Other Durable Goods	133.6	134.9	135.6	136.9	139.0	141.4	143.9	146.4	148.9	151.0	9.6	2.2	6.3	133.7	136.6	145.2
4.	Nondurable Goods	760.3	766.1	771.7	786.3	803.1	817.7	834.1	850.8	867.1	878.7	10.0	5.2	7.8	743.2	781.8	842.4
5.	Services	921.5	947.8	969.7	995.7	1021.2	1048.8	1077.5	1105.6	1133.3	1161.7	12.4	11.4	10.9	882.6	983.6	1091.3
6.	Gross Private Domestic Investment	443.3	392.6	404.7	439.1	463.2	505.7	517.9	534.0	534.2	531.1	14.0	-5.7	23.1	450.5	424.9	523.0
7.	Residential Construction	94.2	92.7	95.0	97.7	113.0	123.9	129.7	132.8	131.6	132.8	0.2	-5.6	30.0	105.5	99.6	129.5
8.	Other Structures	134.3	134.1	133.4	134.2	135.6	137.8	140.8	144.0	148.2	151.7	15.5	6.9	6.2	125.7	134.3	142.7
9.	Producers' Durables	205.5	205.7	204.4	206.3	209.8	214.5	219.0	223.1	228.0	231.8	8.6	1.7	7.0	203.1	206.6	221.2
10.	Change in Inventories	9.4	-40.0	-28.1	0.9	4.8	29.5	28.4	34.1	26.4	14.8	-	-	-	16.2	-15.6	29.6
11.	Net Export of Goods and Services	24.7	23.8	26.0	20.0	15.8	17.1	18.2	22.0	20.9	16.5	-	-	-	26.0	21.4	19.6
12.	Exports	365.6	359.0	360.7	365.2	370.6	381.5	393.8	407.2	417.1	427.1	8.1	-1.0	9.9	367.3	363.9	399.9
13.	Imports	341.0	335.1	334.7	345.2	354.8	364.4	375.6	385.2	396.2	410.6	7.8	0.3	11.1	341.3	342.5	380.4
14.	Government Purchases of Goods and Services	622.0	628.0	627.2	640.3	662.3	675.7	688.2	704.8	726.7	741.9	10.6	8.2	9.3	591.2	639.5	698.9
15.	Federal	253.3	255.7	250.4	256.6	271.8	277.6	282.1	289.9	304.1	310.8	15.7	12.3	11.5	230.2	258.6	288.4
16.	National Defense	169.7	171.5	175.0	180.7	192.6	196.8	201.5	207.8	220.6	227.0	17.2	16.6	14.9	154.3	180.0	206.7
17.	Other, including NASA	83.5	84.1	75.4	75.9	79.2	80.8	80.6	82.1	83.5	83.8	12.9	3.6	3.9	75.9	78.7	81.8
18.	State and Local	368.7	372.3	376.8	383.7	390.5	398.1	406.1	414.9	422.6	431.1	7.5	5.5	7.8	361.0	380.8	410.4
19.	Gross National Product	2998.3	2995.1	3033.5	3125.5	3217.2	3325.6	3405.3	3493.1	3564.5	3617.7	11.4	5.7	11.5	2925.5	3092.8	3447.1
20.	Amount of Change	33.3	-3.2	38.4	92.0	91.7	108.4	79.7	87.8	71.4	53.2	-	-	-	299.4	167.3	354.3
21.	% Change*	4.6	-0.4	5.2	12.7	12.3	14.2	9.9	10.7	8.4	6.1	-	-	-	11.4	5.7	11.5
22.	% Real Change*	-4.5	-3.9	-0.3	5.4	3.9	6.8	3.3	4.0	1.6	0.3	-	-	-	2.0	-0.9	4.3
23.	% Price Change*	9.5	3.6	5.5	6.9	8.1	7.0	6.4	6.5	6.8	5.8	-	-	-	9.2	6.7	6.9
24.	Implicit Price Deflator	200.10	201.88	204.60	208.05	212.13	215.72	219.09	222.56	226.23	229.45	-	-	-	193.71	206.67	220.90
25.	Change in Final Sales	51.4	46.1	26.5	63.0	87.8	83.7	80.8	82.1	79.1	64.8	-	-	-	277.4	182.9	309.1
26.	GNP in 1972 Dollars	1498.4	1483.6	1482.7	1502.3	1516.6	1541.6	1554.3	1569.5	1575.6	1576.7	2.0	-0.9	4.3	1510.3	1496.3	1560.3

*Annual Rate

Table 2.

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U.S. Real Expenditures for 1981-IV through 1984-I

	1981	1982				1983				1984	Percent Change			Annual		
	IV	I	II	III	IV	I	II	III	IV	I	80-81	81-82	82-83	1981	1982	1983
1. Personal Consumption Expenditures	957.5	966.8	966.4	974.7	981.5	989.3	998.1	1005.1	1011.5	1015.6	2.5	1.4	2.9	958.9	972.4	1001.0
2. Durable Goods	133.1	137.7	134.8	138.3	140.5	143.6	146.5	148.1	149.9	151.0	2.7	-1.1	6.7	139.4	137.8	147.0
3. Nondurable Goods	368.8	369.7	370.1	371.3	373.0	374.5	376.5	378.4	379.8	380.0	2.5	1.0	1.7	367.3	371.0	377.3
4. Services	455.6	459.4	461.5	465.1	468.0	471.2	475.1	478.6	481.8	484.6	2.6	2.5	2.8	452.2	463.5	476.7
5. Gross Private Domestic Investment	206.3	183.1	185.8	197.6	204.0	218.7	220.7	224.2	221.8	218.0	5.5	-10.3	14.9	214.8	192.6	221.4
6. Residential Structures	39.4	38.3	38.8	39.4	44.9	48.5	50.0	50.5	49.4	49.2	-6.0	-10.7	22.9	45.2	40.4	49.6
7. Other Structures	52.6	51.9	50.6	50.0	49.6	49.5	49.7	50.0	50.6	50.9	5.4	-0.9	-1.1	51.0	50.5	50.0
8. Producers' Durables	110.1	110.5	108.1	107.5	107.6	108.5	109.3	109.9	110.9	111.4	1.3	-2.7	1.1	111.4	108.4	109.7
9. Change in Inventories	4.2	-17.5	-11.7	0.7	1.9	12.2	11.7	13.8	10.9	6.5	-	-	-	7.1	-6.7	12.2
10. Net Export of Goods and Services	39.2	37.8	38.5	36.6	35.5	36.8	38.1	40.3	40.9	40.4	-	-	-	44.9	37.1	39.0
11. Exports	157.4	153.7	153.4	153.4	153.6	155.9	158.9	162.0	163.5	164.9	-0.4	-2.7	2.6	160.4	156.0	160.1
12. Imports	118.2	115.8	114.9	116.8	118.1	119.1	120.8	121.7	122.6	124.5	5.9	0.8	4.0	115.5	116.4	121.1
13. Government Purchases of Goods & Services	295.4	295.8	292.0	293.4	295.6	296.8	297.4	299.9	301.4	302.7	0.6	0.9	1.6	291.7	294.2	298.9
14. Federal	116.6	118.3	115.0	116.4	118.6	119.5	119.7	121.6	122.8	123.7	3.1	5.0	3.3	111.5	117.1	120.9
15. State & Local	178.8	177.5	177.0	177.0	177.0	177.3	177.7	178.3	178.6	179.0	-0.9	-1.7	0.5	180.2	177.1	178.0
16. Gross National Product	1498.4	1483.6	1482.7	1502.3	1516.6	1541.6	1554.3	1569.5	1575.6	1576.7	2.0	-0.9	4.3	1510.3	1496.3	1560.3
17. Final Demand	1494.2	1501.1	1494.4	1501.6	1514.7	1529.4	1542.6	1555.7	1564.7	1570.2	1.3	-0.0	3.5	1503.2	1503.0	1555.0
18. Private Product	1313.9	1303.5	1303.5	1322.8	1336.1	1359.1	1370.5	1384.6	1389.7	1390.2	2.3	-0.8	4.5	1327.0	1316.5	1376.0

Table 3.

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1982

Income Related U.S. GNP Components for 1981-IV through 1984-I

		1981	1982				1983				1984	Percent Change			Annual		
		IV	I	II	III	IV	I	II	III	IV	I	80-81	81-82	82-83	1981	1982	1983
1.	Compensation of Employees	1821.3	1844.9	1865.1	1907.7	1957.8	2011.2	2052.1	2097.8	2147.7	2198.2	11.0	6.9	9.7	1771.6	1893.9	2077.2
2.	Wage and Salary	1522.5	1538.8	1554.1	1588.9	1630.5	1673.0	1706.0	1743.4	1785.0	1824.5	10.4	6.4	9.4	1482.8	1578.1	1726.9
3.	Manufacturing	391.0	390.3	393.4	404.7	414.6	428.9	437.1	446.7	455.3	465.5	10.4	3.5	10.3	387.3	400.8	442.0
4.	Other Commodity Producing Industries	130.0	130.9	128.6	132.6	136.1	141.5	144.4	149.5	151.9	156.8	9.3	5.3	11.2	125.4	132.1	146.8
5.	Distributive Industries	369.5	373.5	376.5	383.4	391.9	400.3	408.2	416.2	425.4	433.5	9.8	5.6	8.2	361.1	381.3	412.5
6.	Service Industries	348.7	357.0	365.3	373.8	383.2	392.6	401.8	411.7	421.9	432.9	13.3	10.4	10.1	335.0	369.8	407.0
7.	Military	38.6	38.9	39.2	39.7	43.4	43.8	44.1	44.4	48.6	48.9	14.8	15.5	12.2	34.9	40.3	45.2
8.	Civilian Government	244.6	248.4	251.1	254.7	261.3	265.9	270.4	274.9	281.9	286.9	7.1	6.2	7.6	239.0	253.9	273.3
9.	Supplements	298.8	306.1	311.0	318.8	327.3	338.2	346.1	354.4	362.7	373.7	14.2	9.3	10.9	288.8	315.8	350.4
10.	Proprietors' Income	135.9	129.0	131.5	136.6	140.4	140.9	143.1	146.7	146.9	146.0	3.2	-0.3	7.5	134.8	134.4	144.4
11.	Business & Professional	111.5	110.8	111.3	113.9	116.3	118.8	120.5	122.5	124.1	124.0	4.9	0.6	7.4	112.4	113.1	121.5
12.	Farm	24.4	18.2	20.2	22.7	24.1	22.1	22.6	24.2	22.8	22.0	-4.3	-4.9	7.6	22.4	21.3	22.9
13.	Rental Income	34.5	34.8	34.9	35.1	35.4	35.8	36.2	36.6	37.0	37.4	5.7	4.3	3.9	33.6	35.1	36.4
14.	Net Interest	229.7	237.9	247.8	257.9	266.5	276.3	285.6	294.7	303.9	311.2	19.8	17.2	14.9	215.4	252.5	290.1
15.	Corporate Profits Adj.	177.6	146.2e	146.1	162.2	174.1	190.0	200.2	209.5	212.4	201.4	5.1	-18.2	29.2	192.1	157.2	203.0
16.	National Income	2399.1	2392.8e	2425.4	2499.5	2574.2	2654.2	2717.2	2785.3	2847.9	2894.2	10.7	5.3	11.2	2347.6	2473.0	2751.2
17.	Indirect Business Tax	255.4	250.7	250.7	258.5	266.7	273.9	281.3	288.6	296.6	300.3	18.3	2.2	11.1	251.1	256.7	285.1
18.	Capital Consumption Adj.	65.7	63.4	64.4	65.8	67.5	65.3	66.7	68.0	69.1	66.4	2.5	0.9	3.1	64.7	65.3	67.3
19.	Capital Consumption Alw.	271.1	280.4	290.0	299.5	308.7	317.7	326.6	335.2	342.7	350.4	14.7	14.6	12.2	257.0	294.7	330.6
20.	Business Transfers	12.1	12.4	12.7	13.1	13.5	13.9	14.4	14.8	15.2	15.6	10.5	11.4	12.8	11.6	12.9	14.6
21.	Net Govt. Subsidies	-5.4	-4.8	-4.4	-4.7	-4.5	-3.4	-3.3	-3.3	-3.1	-3.1	-	-	-	-5.2	-4.6	-3.3
22.	Statistical Discrepancy	0.2	0.2e	-5.3	-6.2	-8.9	4.0	2.4	4.5	-3.9	-6.1	-	-	-	-1.2	-5.1	1.8
23.	Gross National Product	2998.3	2995.1	3033.5	3125.5	3217.2	3325.6	3405.3	3493.1	3564.5	3617.7	11.4	5.7	11.5	2925.5	3092.8	3447.1

Table 4.

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1982

Derivation of U.S. Personal Income for 1981-IV through 1984-I

	1981	1982				1983				1984	Percent Change			Annual		
	IV	I	II	III	IV	I	II	III	IV	I	80-81	81-82	82-83	1981	1982	1983
1. National Income	2399.1	2392.8e	2425.4	2499.5	2574.2	2654.2	2717.2	2785.3	2847.9	2894.2	10.7	5.3	11.7	2347.6	2473.0	2762.7
2. Less: Corp. Profits Adj.	177.6	146.2e	146.1	162.2	174.1	190.0	200.2	209.5	212.4	201.4	5.1	-18.2	29.2	192.1	157.2	203.0
3. Social Insurance	245.0	253.5	256.0	261.9	268.3	281.1	286.7	292.9	299.2	311.8	17.3	8.8	11.6	238.9	259.9	290.0
4. Plus: Government Transfers	334.8	341.7	348.8	361.5	364.1	366.5	369.2	378.3	380.7	382.6	13.2	10.2	5.6	321.3	354.0	373.7
5. Old Age, Survivors, etc	191.2	194.5	196.6	209.1	211.6	214.8	216.7	226.6	229.2	232.3	17.3	12.5	9.3	180.4	203.0	221.8
6. Unemployment Benefits	16.0	18.3	20.8	21.0	20.5	19.9	19.5	19.1	18.6	17.6	-3.1	30.0	-4.3	15.5	20.2	19.3
7. Veterans' Benefits	16.4	16.3	16.2	16.1	16.3	16.2	16.0	15.8	15.4	15.2	6.7	1.4	-2.2	16.0	16.2	15.9
8. Employees' Benefits	49.9	50.4	52.5	53.1	54.4	55.0	56.7	57.5	58.9	59.5	13.3	8.5	8.4	48.5	52.6	57.0
9. A.F.D.C.	13.3	14.2	14.3	14.2	14.0	13.7	13.4	13.1	12.9	12.5	8.1	5.8	-6.3	13.4	14.2	13.3
10. Other	48.0	48.1	48.4	48.0	47.3	46.9	46.9	46.2	45.7	45.5	8.7	0.6	-3.2	47.7	48.0	46.4
11. Business Transfers	12.1	12.4	12.7	13.1	13.5	13.9	14.4	14.8	15.2	15.6	10.5	11.4	12.8	11.6	12.9	14.6
12. Interest Transfers	99.0	100.6	104.6	106.5	109.6	112.4	114.9	120.2	124.2	128.5	22.4	12.5	12.0	93.6	105.3	117.9
13. Dividends	64.1	64.7	65.1	66.0	67.4	68.7	70.2	71.8	73.3	74.5	12.7	7.3	7.9	61.3	65.8	71.0
14. Equals: Personal Income	2486.5	2512.7	2554.5	2622.5	2686.4	2744.6	2799.0	2868.0	2929.7	2982.2	11.3	7.9	9.3	2404.1	2594.0	2835.3
15. Less: Personal Tax Payments	398.0	397.4	405.6	393.3	406.8	421.0	432.8	418.2	432.0	446.4	14.7	3.2	6.3	388.2	400.8	426.0
16. Equals: Disposable Personal Income	2088.5	2115.3	2148.9	2229.2	2279.6	2323.6	2366.2	2449.8	2497.7	2535.8	10.7	8.8	9.9	2016.0	2193.3	2409.3
17. Less: Consumption	1908.3	1950.7	1975.6	2026.1	2075.9	2127.1	2181.0	2232.3	2282.7	2328.2	11.1	8.0	9.9	1857.8	2007.1	2205.8
18. Other Outlays	52.2	52.6	52.7	53.3	54.3	55.1	56.2	57.1	58.1	58.9	6.3	5.2	6.4	50.6	53.2	56.6
19. Equals: Personal Savings	128.0	112.1	120.6	149.8	149.4	141.4	129.0	160.4	156.9	148.7	6.2	23.6	10.5	107.6	133.0	146.9
20. Savings Rate (%)	6.1	5.3	5.6	6.7	6.6	6.1	5.5	6.5	6.3	5.9	-	-	-	5.3	6.1	6.1

Table 5.

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1982

U.S. Federal Government Activity for 1981-IV through 1984-I

	1981	1982				1983				1984	Percent Change			Annual		
	IV	I	II	III	IV	I	II	III	IV	I	80-81	81-82	82-83	1981	1982	1983
1. Government Receipts	627.2	612.2e	615.5	613.9	635.4	660.0	677.0	668.6	686.0	705.3	15.8	-1.1	8.7	626.1	619.3	672.9
2. Personal Tax & Non-Tax	302.0	298.8	304.7	289.0	298.8	309.6	318.5	300.7	311.0	322.0	14.9	0.5	4.1	296.2	297.8	310.0
3. Corporate Profits Tax	58.3	48.1e	47.0	54.2	58.3	59.0	61.3	64.1	64.8	61.4	-5.7	-21.6	20.0	66.2	51.9	62.3
4. Indirect Business Tax	59.9	50.8	47.6	50.0	52.7	54.5	56.2	57.9	59.3	59.9	50.7	-17.9	13.3	61.2	50.3	57.0
5. Contributions for Social Security	207.0	214.5	216.2	220.7	225.6	236.9	241.0	245.9	250.9	262.0	17.6	8.3	11.1	202.5	219.3	243.7
6. Government Expenditures	727.2	735.1	738.1	758.2	776.7	785.0	793.6	813.5	832.4	843.4	14.4	9.2	7.2	688.4	752.0	806.1
7. Purchases of Goods and Services	253.3	255.7	250.4	256.6	271.8	277.6	282.1	289.9	304.1	310.8	15.7	12.3	11.5	230.2	258.6	288.4
8. Defense	169.7	171.5	175.0	180.7	192.6	196.8	201.5	207.8	220.6	227.0	17.2	16.6	14.9	154.3	180.0	206.7
9. Durables	42.9	44.2	47.9	51.2	55.6	57.3	59.7	63.5	68.5	71.6	19.5	26.5	25.4	39.3	49.7	62.3
10. Nondurables	15.0	13.5	12.8	13.3	14.0	14.7	15.3	16.0	16.7	17.8	22.0	0.8	17.2	13.3	13.4	15.7
11. Military Compensation	38.6	38.9	39.2	39.7	43.4	43.8	44.1	44.4	48.6	48.9	14.8	15.5	12.2	34.9	40.3	45.2
12. Civilian Compensation	25.5	25.8	25.8	25.8	27.2	27.5	27.6	27.7	29.2	29.5	9.4	6.9	6.9	24.5	26.2	28.0
13. Other Services	44.4	46.0	46.2	47.5	48.9	50.1	51.3	52.6	54.0	55.5	23.2	20.1	10.2	39.3	47.2	52.0
14. Structures	3.4	3.2	3.1	3.2	3.5	3.4	3.5	3.6	3.6	3.7	0.0	6.5	6.1	3.1	3.3	3.5
15. Nondefense	83.5	84.1	75.4	75.9	79.2	80.8	80.6	82.1	83.5	83.8	12.9	3.7	3.9	75.9	78.7	81.8
16. Durables	1.7	1.7	1.7	1.7	1.7	1.8	1.8	1.8	1.9	1.9	20.0	-5.6	5.9	1.8	1.7	1.8
17. Nondurables	18.8	19.4	11.5	11.9	13.7	14.5	14.0	15.2	14.6	14.3	156.1	34.3	3.5	10.5	14.1	14.6
18. Compensation	31.3	31.5	31.3	31.3	32.6	32.8	32.9	33.0	34.5	34.7	5.2	3.6	5.0	30.6	31.7	33.3
19. Other Services	24.4	24.4	23.9	24.0	24.1	24.4	24.6	24.9	25.2	25.5	-0.8	-6.2	2.9	25.7	24.1	24.8
20. Structures	7.4	7.1	7.0	7.0	7.1	7.3	7.3	7.2	7.3	7.4	10.6	-2.7	2.8	7.3	7.1	7.3
21. Transfer Payments	297.9	302.4	307.8	319.3	321.2	322.9	325.7	333.7	335.5	336.5	13.9	9.9	5.4	284.5	312.7	329.5
22. Grants-in-Aid to State and Local Governments	83.7	82.9	81.6	81.2	80.3	79.6	78.7	77.9	77.2	76.5	-0.9	-6.5	-3.9	87.2	81.5	78.4
23. Net Interest Paid	78.7	81.0	85.5	88.0	90.4	92.9	95.1	99.8	103.4	107.2	37.1	18.0	13.4	73.1	86.2	97.8
24. Deficit of Government Enterprises	13.6	13.1	12.8	13.1	13.0	12.0	12.0	12.2	12.2	12.4	11.7	-3.0	-6.9	13.4	13.0	12.1
25. Federal Surplus	-100.0	-122.9e	-122.6	-144.3	-141.3	-125.0	-116.6	-144.9	-146.4	-138.1	-	-	-	-62.4	-132.7	-133.2
26. Federal Debt Held by Individuals	694.5	731.8	747.2	775.9	819.9	866.4	885.6	914.6	956.0	1004.9	13.2	18.1	16.6	694.5	819.9	956.0
27. Total Government Surplus	-64.1	-86.7e	-87.3	-105.0	-98.2	-79.7	-69.3	-96.4	-96.0	-89.3	-	-	-	-25.7	-94.2	-85.3

Table 6.

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1982

Selected Economic Variables of the U.S. Economy for 1981-IV through 1984-I

	1981	1982				1983				1984	Percent Change			Annual		
	IV	I	II	III	IV	I	II	III	IV	I	80-81	81-82	82-83	1981	1982	1983
Private Economy																
1. Change in Wage	6.7	9.7	6.0	7.3	7.2	9.0	6.5	7.2	7.1	9.1	9.8	7.9	7.4	-	-	-
2. Change in Output Per Worker Hr.-Private Econ.	-4.4	1.2	1.6	3.4	1.2	4.0	1.2	1.9	-0.3	-1.0	0.8	0.3	2.2	-	-	-
3. Changes in Implicit Unit Labor Costs	11.6	8.4	4.3	3.8	5.9	4.8	5.1	5.3	7.4	10.2	8.9	7.5	5.2	-	-	-
4. Changes Adjusted Price Deflator	8.9	4.2	5.2	6.6	7.2	7.3	6.4	6.4	6.2	5.9	9.3	6.5	6.7	-	-	-
Prices																
5. Consumer Price Index	281.4	283.6	285.4	289.7	294.4	298.7	303.2	307.9	312.8	318.0	10.3	5.9	6.0	272.3	288.3	305.7
6. Industrial Commod. (PPI)	309.5	311.4	311.7	315.8	320.8	325.5	330.3	335.5	341.2	347.2	10.7	3.6	5.8	304.0	314.9	333.1
Corporate Economy																
7. After Tax Profit	144.0	110.3e	105.4	123.0	136.4	146.0	154.8	163.1	167.7	159.9	-4.5	-23.8	32.9	155.8	118.8	157.9
8. Inventory Profits	22.3	10.6	4.1	14.3	20.9	18.6	19.9	22.1	24.7	26.9	-39.4	-55.0	70.9	27.7	12.5	21.3
9. Genuine Profits	108.9	90.0e	91.4	98.6	105.2	119.9	127.2	133.1	135.0	128.1	12.3	-14.5	33.7	112.6	96.3	128.8
10. Mean Closing - Dow Jones	864.0	831.8	876.5	874.6	985.3	1054.8	1103.2	1181.1	1191.5	1148.6	4.7	-4.4	27.0	933.0	892.1	1132.7
11. Mean Closing - NY Composite	70.90	65.98	68.43	69.92	77.65	85.43	90.80	97.21	98.07	95.03	8.8	-0.5	32.0	74.08	70.36	92.88
Financial																
12 Monetary Base	168.7	172.6	175.5	177.7	180.3	183.3	186.2	189.3	192.4	195.0	6.4	6.0	6.4	166.6	176.5	187.8
13. Checkable Deposits	314.6	323.4	328.7	330.0	333.7	337.3	339.2	342.9	346.6	348.4	6.9	6.2	3.8	309.7	329.0	341.5
14. M1	436.7	447.9	454.9	458.3	464.2	470.4	475.0	481.2	487.4	491.6	7.0	6.2	4.9	429.5	456.3	478.5
15. Velocity of M1	6.730	6.572	6.557	6.706	6.813	6.944	7.039	7.126	7.176	7.219	4.1	-0.3	6.1	6.685	6.664	7.072
16. M2	1807.1	1850.8	1892.8	1924.2	1965.6	2007.9	2052.1	2094.9	2140.0	2174.5	9.8	9.2	8.7	1747.2	1908.4	2073.7
17. Velocity of M2	1.626	1.591	1.576	1.597	1.609	1.627	1.629	1.637	1.634	1.632	1.5	-3.0	2.4	1.643	1.593	1.632
18. Federal Funds	13.59	14.23	14.52	15.69	13.85	13.67	13.07	12.63	11.56	11.75	23.8	-11.3	-12.6	16.54	14.57	12.73
19. Prime Rate	17.01	16.27	16.50	17.15	15.88	15.50	15.33	15.00	14.22	14.06	23.6	-12.8	-8.7	18.87	16.45	15.01
20. 6 Month T-Bills	12.21	13.07	12.53	13.42	11.96	11.73	11.55	11.07	10.65	10.93	21.3	-7.6	-11.7	13.79	12.75	11.25
21. Seasoned AAA Corp.	14.62	15.01	14.37	14.88	13.94	13.76	13.38	12.99	12.78	13.01	18.7	2.7	-9.1	14.17	14.55	13.23
22. Savings Capital S&L	521.1	529.9	537.2	550.9	561.3	572.2	581.7	595.5	605.7	615.3	5.7	5.5	8.1	516.4	544.8	588.8
23. Mortgages Outstanding S&L	518.9	516.3	518.9	526.5	531.6	539.4	548.0	558.5	569.8	581.7	5.6	1.9	5.9	513.5	523.3	553.9
Miscellaneous																
24. Housing Starts	865	919	909	1063	1239	1314	1388	1377	1366	1366	-14.3	-6.8	31.8	1108	1033	1361
25. Single Family Starts	537	586	547	662	793	845	916	902	865	850	-16.3	-9.3	36.3	713	647	882
26. Unit Auto Sales	7.33	8.17	7.57	8.26	8.58	9.06	9.47	9.63	9.83	9.95	-4.3	-5.1	16.6	8.59	8.15	9.50
27. Civilian Employment	100.04	99.55	99.32	99.74	100.28	100.89	101.43	101.92	102.32	102.75	1.1	-0.7	1.9	100.40	99.72	101.64
28. Unemployment Rate	8.3	8.8	9.5	9.5	9.3	9.2	9.0	8.9	8.8	8.5	7.0	22.4	-3.2	7.6	9.3	9.0
29. Industrial Production Index	146.3	141.4	141.0	145.4	147.6	151.9	153.4	155.1	155.3	154.7	2.7	-4.6	7.0	150.9	143.9	153.9
30. Asset-Consumption Ratio	2.963	2.882	2.928	2.901	2.972	3.016	3.025	3.056	3.046	3.004	1.5	-2.5	3.9	2.996	2.921	3.036

Table 7.1.

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Change in Outlook on Significant Variables

		1981	1982				1983				1984
		IV	I	II	III	IV	I	II	III	IV	I
	Gross National Product										
1.	Available February 1982	2984.9									
2.	Available May 1982	2998.3	2995.1								
3.	Forecast May 1982			3033.5	3125.5	3217.2	3325.6	3405.3	3493.1	3564.5	3617.7
4.	Forecast February 1982		3013.5	3074.7	3177.0	3269.6	3360.3	3447.9	3529.2	3619.8	
5.	Forecast November 1981	2986.5	3032.6	3111.2	3196.7	3284.3	3364.5	3463.8	3550.0		
6.	Forecast August 1981	2992.4	3076.5	3165.4	3249.4	3558.9	3443.2	3520.2			
7.	Forecast May 1981	3062.2	3157.0	3265.5	3362.5	3468.8	3552.2				
8.	Forecast February 1981	3079.4	3177.5	3262.4	3354.0	3449.6					
9.	Forecast November 1980	2983.3	3077.1	3165.2	3245.0						
10.	Forecast August 1980	2971.8	3048.4	3124.7							
11.	Forecast May 1980	2935.8	3014.4								
	Implicit Price Deflator										
12.	Available February 1982	199.58									
13.	Available May 1982	200.10	201.88								
14.	Forecast May 1982			204.60	208.05	212.13	215.72	219.09	222.56	226.23	229.45
15.	Forecast February 1982		203.42	206.76	210.52	214.51	218.27	221.54	225.11	229.35	
16.	Forecast November 1981	199.82	203.34	207.10	210.96	215.36	219.34	223.77	228.27		
17.	Forecast August 1981	198.83	202.79	206.40	210.47	214.75	218.70	223.19			
18.	Forecast May 1981	199.67	204.02	208.33	212.49	216.76	220.95				
19.	Forecast February 1981	202.11	206.34	210.19	214.46	219.23					
20.	Forecast November 1980	204.49	208.67	212.67	216.41						
21.	Forecast August 1980	202.27	206.48	210.27							
22.	Forecast May 1980	202.36	206.45								
	GNP in 1972 Dollars										
23.	Available February 1982	1495.6									
24.	Available May 1982	1498.4	1483.6								
25.	Forecast May 1982			1482.7	1502.3	1516.6	1541.6	1554.3	1569.5	1575.6	1576.7
26.	Forecast February 1982		1481.4	1487.1	1509.1	1524.2	1539.5	1556.3	1567.8	1578.3	
27.	Forecast November 1981	1494.6	1491.4	1502.3	1515.3	1525.0	1533.9	1547.9	1555.2		
28.	Forecast August 1981	1505.0	1517.1	1533.6	1543.9	1564.1	1574.4	1577.2			
29.	Forecast May 1981	1533.6	1547.4	1567.5	1582.4	1600.3	1607.3				
30.	Forecast February 1981	1523.6	1539.9	1552.1	1563.9	1573.5					
31.	Forecast November 1980	1458.9	1474.6	1489.0	1499.5						
32.	Forecast August 1980	1468.5	1476.4	1486.0							
33.	Forecast May 1980	1450.8	1460.1								

Table 7.2.

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May 1982

Change in Outlook on Significant Variables

		1981	1982				1983				1984
		IV	I	II	III	IV	I	II	III	IV	I
	Personal Consumption										
34.	Available February 1982	1905.5									
35.	Available May 1982	1908.3	1950.7								
36.	Forecast May 1982			1975.6	2026.1	2075.9	2127.1	2181.0	2032.3	2282.7	2328.2
37.	Forecast February 1982		1949.2	1984.1	2038.8	2089.0	2141.3	2188.4	2241.8	2299.3	
38.	Forecast November 1981	1928.6	1970.1	2019.2	2067.8	2117.9	2170.5	2231.3	2292.0		
39.	Forecast August 1981	1926.8	1971.4	2021.2	2074.3	2136.4	2192.8	2255.9			
40.	Forecast May 1981	1942.0	2004.1	2062.1	2118.0	2178.4	2244.8				
41.	Forecast February 1981	1952.9	2011.7	2064.9	2120.9	2180.3					
42.	Forecast November 1980	1933.7	1984.7	2034.0	2086.1						
43.	Forecast August 1980	1918.4	1973.7	2030.0							
44.	Forecast May 1980	1877.0	1934.7								
	Gross Private Domestic Investment										
45.	Available February 1982	443.6									
46.	Available May 1982	443.3	392.6								
47.	Forecast May 1982			404.7	439.1	463.2	505.7	517.9	534.0	534.2	531.1
48.	Forecast February 1982		405.8	426.9	466.5	492.8	508.8	536.2	544.5	554.4	
49.	Forecast November 1981	429.1	420.1	437.4	456.9	476.3	493.9	510.8	516.6		
50.	Forecast August 1981	435.2	459.7	484.2	504.4	534.5	548.6	542.5			
51.	Forecast May 1981	469.5	487.5	521.6	541.2	568.8	574.9				
52.	Forecast February 1981	470.5	496.7	518.0	531.3	541.9					
53.	Forecast November 1980	448.1	476.1	504.3	519.2						
54.	Forecast August 1980	459.2	471.2	479.1							
55.	Forecast May 1980	458.8	476.6								
	Government Purchases of Goods and Services										
56.	Available February 1982	615.7									
57.	Available May 1982	622.0	628.0								
58.	Forecast May 1982			627.2	640.3	662.3	675.7	688.2	704.8	726.7	741.9
59.	Forecast February 1982		626.4	637.1	651.7	673.0	689.8	708.0	726.7	750.8	
60.	Forecast November 1981	609.5	623.8	637.4	652.1	673.8	689.8	707.8	726.1		
61.	Forecast August 1981	605.6	620.6	636.5	652.5	673.0	690.3	707.1			
62.	Forecast May 1981	623.5	638.2	655.1	671.5	694.9	711.9				
63.	Forecast February 1981	622.6	637.1	652.5	669.4	693.9					
64.	Forecast November 1980	609.2	622.7	635.7	649.7						
65.	Forecast August 1980	607.2	621.6	635.7							
66.	Forecast May 1980	604.9	617.8								

Table 7.3.

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May 1982

Change in Outlook on Significant Variables

		1981	1982				1983				1984
		IV	I	II	III	IV	I	II	III	IV	I
	Corporate Profits										
67.	Available February 1982	167.2e									
68.	Available May 1982	177.6	146.2e								
69.	Forecast May 1982			146.1	162.2	174.1	190.0	200.2	209.5	212.4	201.4
70.	Forecast February 1982		162.1	165.5	180.3	189.2	200.9	211.8	223.8	230.7	
71.	Forecast November 1981	169.1	157.1	166.6	172.2	182.1	193.0	203.6	211.2		
72.	Forecast August 1981	174.6	183.6	193.1	201.1	212.5	215.6	216.5			
73.	Forecast May 1981	203.3	211.1	219.5	227.6	239.0	244.3				
74.	Forecast February 1981	201.7	219.1	225.4	231.2	235.7					
75.	Forecast November 1980	206.1	221.1	230.2	234.1						
76.	Forecast August 1980	202.1	216.5	222.7							
77.	Forecast May 1980	187.1	198.6								
	Disposable Personal Income										
78.	Available February 1982	2086.4									
79.	Available May 1982	2088.5	2115.3								
80.	Forecast May 1982			2148.9	2229.2	2279.6	2323.6	2366.2	2449.8	2497.7	2535.8
81.	Forecast February 1982		2100.4	2141.4	2227.6	2276.0	2320.4	2364.6	2453.0	2504.0	
82.	Forecast November 1981	2098.7	2128.9	2170.5	2255.4	2301.3	2342.0	2388.2	2462.6		
83.	Forecast August 1981	2095.7	2134.9	2181.2	2269.2	2323.6	2364.7	2409.3			
84.	Forecast May 1981	2104.2	2171.7	2224.9	2290.0	2342.9	2418.2				
85.	Forecast February 1981	2135.7	2214.2	2268.1	2334.1	2388.2					
86.	Forecast November 1980	2074.7	2156.4	2214.1	2278.8						
87.	Forecast August 1980	2065.6	2132.9	2179.5							
88.	Forecast May 1980	2014.7	2098.8								
	Personal Savings										
89.	Available February 1982	124.1									
90.	Available May 1982	128.0	112.1								
91.	Forecast May 1982			120.6	149.8	149.4	141.4	129.0	160.4	156.9	148.7
92.	Forecast February 1982		98.7	104.2	134.5	131.0	122.1	118.1	151.9	143.9	
93.	Forecast November 1981	117.3	105.1	96.7	132.0	126.6	113.9	97.6	110.2		
94.	Forecast August 1981	118.6	112.5	108.1	141.9	133.1	117.1	97.7			
95.	Forecast May 1981	109.4	114.0	108.2	116.3	107.2	115.5				
96.	Forecast February 1981	131.7	150.4	145.3	159.3	153.1					
97.	Forecast November 1980	95.5	125.1	132.4	143.7						
98.	Forecast August 1980	99.2	109.8	98.7							
99.	Forecast May 1980	76.1	111.3								

Table 7.4.

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May 1982

Change in Outlook on Significant Variables

		1981	1982				1983				1984
		IV	I	II	III	IV	I	II	III	IV	I
	Federal Government Receipts										
100.	Available February 1982	622.8e									
101.	Available May 1982	627.2	612.2e								
102.	Forecast May 1982			615.5	613.9	635.4	660.0	677.0	668.6	686.0	705.3
103.	Forecast February 1982		630.9	645.0	637.2	657.0	683.9	701.7	690.2	710.3	
104.	Forecast November 1981	627.9	640.6	655.2	644.1	663.0	689.2	711.2	698.2		
105.	Forecast August 1981	634.0	651.9	672.0	660.9	684.9	707.7	727.9			
106.	Forecast May 1981	673.5	668.7	689.7	711.9	738.3	729.6				
107.	Forecast February 1981	628.4	628.8	650.8	673.5	694.1					
108.	Forecast November 1980	626.7	621.1	642.2	664.1						
109.	Forecast August 1980	640.2	642.3	663.3							
110.	Forecast May 1980	655.6	662.5								
	Federal Government Expenditures										
111.	Available February 1982	719.4									
112.	Available May 1982	727.2	735.1								
113.	Forecast May 1982			738.1	758.2	776.7	785.0	793.6	813.5	832.4	843.4
114.	Forecast February 1982		727.6	733.1	757.1	776.4	788.7	799.7	824.1	841.7	
115.	Forecast November 1981	716.9	725.7	732.8	755.6	766.8	774.2	786.7	810.5		
116.	Forecast August 1981	707.7	712.5	721.4	744.4	754.0	762.9	773.3			
117.	Forecast May 1981	712.7	715.1	722.4	746.8	757.1	766.4				
118.	Forecast February 1981	716.6	725.8	735.0	764.9	784.8					
119.	Forecast November 1980	695.7	705.3	715.4	739.6						
120.	Forecast August 1980	695.2	707.7	718.1							
121.	Forecast May 1980	695.7	709.3								
	Surplus for ALL Governments										
122.	Available February 1982	-61.4e									
123.	Available May 1982	-64.1	-86.7e								
124.	Forecast May 1982			-87.3	-105.0	-98.2	-79.7	-69.3	-96.4	-96.0	-89.3
125.	Forecast February 1982		-63.3	-54.5	-82.2	-79.4	-63.4	-55.0	-89.8	-84.8	
126.	Forecast November 1981	-52.4	-52.1	-45.0	-78.7	-72.6	-53.7	-43.1	-80.7		
127.	Forecast August 1981	-39.7	-29.1	-17.9	-51.5	-35.9	-21.8	-11.1			
128.	Forecast May 1981	-7.8	-13.7	1.1	-1.6	15.6	-0.2				
129.	Forecast February 1981	-50.5	-57.0	-43.7	-50.6	-49.6					
130.	Forecast November 1980	-38.1	-50.7	-38.2	-38.0						
131.	Forecast August 1980	-25.0	-35.0	-23.2							
132.	Forecast May 1980	-16.5	-23.6								

Table 7.5.

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May 1982

Change in Outlook on Significant Variables

		1981	1982				1983				1984
		IV	I	II	III	IV	I	II	III	IV	I
	Consumer Price Index										
133.	Actual	280.7									
	S.A. Shift	281.4	283.6								
134.	Forecast May 1982			285.4	289.7	294.4	298.7	303.2	307.9	312.8	318.0
135.	Forecast February 1982		282.9	286.8	292.7	298.9	303.6	308.3	313.8	319.9	
136.	Forecast November 1981	282.9	287.9	292.5	297.6	303.2	309.4	316.7	323.7		
137.	Forecast August 1981	280.3	285.1	290.5	295.7	301.7	307.6	314.3			
138.	Forecast May 1981	281.9	288.9	295.1	300.6	306.9	314.7				
139.	Forecast February 1981	284.9	291.7	298.9	305.8	313.0					
140.	Forecast November 1980	283.3	289.2	295.5	301.0						
141.	Forecast August 1980	279.0	285.6	292.3							
142.	Forecast May 1980	279.7	286.5								
	After Tax Profits										
143.	Available February 1982	137.4e									
144.	Available May 1982	144.0	110.3e								
145.	Forecast May 1982			105.4	123.0	136.4	146.0	154.8	163.1	167.7	159.9
146.	Forecast February 1982		130.0	134.3	145.5	153.1	158.9	167.2	173.5	179.6	
147.	Forecast November 1981	139.1	121.7	129.4	137.2	145.1	150.3	161.5	166.7		
148.	Forecast August 1981	139.1	136.3	141.7	150.4	157.3	154.8	162.6			
149.	Forecast May 1981	165.8	165.7	168.1	175.0	181.6	181.6				
150.	Forecast February 1981	153.0	163.4	172.0	177.0	178.9					
151.	Forecast November 1980	148.6	159.5	164.5	171.2						
152.	Forecast August 1980	155.2	167.4	174.7							
153.	Forecast May 1980	149.6	162.7								
	Mean Dow-Jones Closing Average										
154.	Actual	864.0	831.8								
155.	Forecast May 1982			876.5	874.6	985.3	1054.8	1103.2	1181.1	1191.5	1148.6
156.	Forecast February 1982		845.9	878.6	913.2	865.3	928.0	969.4	1046.7	1098.6	
157.	Forecast November 1981	874.8	893.1	924.6	935.2	949.1	1048.9	1097.5	1121.0		
158.	Forecast August 1981	954.6	995.2	1064.7	1095.3	1101.7	1152.7	1155.6			
159.	Forecast May 1981	990.0	1066.7	1137.7	1249.0	1225.4	1247.2				
160.	Forecast February 1981	1119.3	1162.4	1160.3	1182.8	1116.4					
161.	Forecast November 1980	1109.7	1156.3	1157.9	1120.2						
162.	Forecast August 1980	1070.0	1179.4	1186.6							
163.	Forecast May 1980	1021.2	1103.5								

Table 7.6.

Change in Outlook on Significant Variables

	1981	1982				1983				1984
	IV	I	II	III	IV	I	II	III	IV	I
Treasury Bill Rate										
164. Actual	12.21	13.07								
165. Forecast May 1982			12.53	13.42	11.96	11.73	11.55	11.07	10.65	10.93
166. Forecast February 1982		13.52	12.14	13.92	14.82	12.93	13.72	12.62	12.41	
167. Forecast November 1981	12.75	11.42	11.89	13.15	14.02	13.11	13.43	13.65		
168. Forecast August 1981	13.95	13.26	12.85	13.78	14.02	13.61	12.76			
169. Forecast May 1981	12.95	12.46	11.16	10.27	10.51	11.39				
170. Forecast February 1981	11.26	11.72	13.06	12.86	13.05					
171. Forecast November 1980	9.76	10.39	11.04	12.41						
172. Forecast August 1980	9.62	8.79	9.05							
173. Forecast May 1980	9.03	9.38								
Housing Starts										
174. Actual	0.865	0.919								
175. Forecast May 1982			0.909	1.063	1.239	1.314	1.388	1.377	1.366	1.366
176. Forecast February 1982		0.818	1.093	1.199	1.354	1.502	1.311	1.295	1.427	
177. Forecast November 1981	0.982	1.015	1.140	1.241	1.388	1.447	1.436	1.421		
178. Forecast August 1981	1.198	1.359	1.414	1.566	1.522	1.513	1.499			
179. Forecast May 1981	1.371	1.509	1.615	1.659	1.658	1.500				
180. Forecast February 1981	1.475	1.819	1.526	1.705	1.612					
181. Forecast November 1980	1.648	1.787	1.877	1.849						
182. Forecast August 1980	1.892	1.966	2.017							
183. Forecast May 1980	1.993	2.217								
Unemployment Rate										
184. Actual	8.3	8.8								
185. Forecast May 1982			9.5	9.5	9.3	9.2	9.0	8.9	8.8	8.5
186. Forecast February 1982		8.9	9.4	9.3	9.3	9.0	8.7	8.6	8.5	
187. Forecast November 1981	8.1	8.3	8.5	8.5	8.4	8.4	8.4	8.3		
188. Forecast August 1981	7.9	7.9	7.9	7.8	7.6	7.5	7.6			
189. Forecast May 1981	7.2	7.0	7.0	6.9	6.8	6.6				
190. Forecast February 1981	7.6	7.5	7.4	7.3	7.2					
191. Forecast November 1980	7.8	7.7	7.5	7.3						
192. Forecast August 1980	8.1	8.0	7.9							
193. Forecast May 1980	8.1	8.1								

Table 7.7.

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Change in Outlook on Significant Variables

		1981	1982				1983				1984
		IV	I	II	III	IV	I	II	III	IV	I
	Money Supply										
194.	Actual	436.7	447.9								
195.	Forecast May 1982			454.9	458.3	464.2	470.4	475.0	481.2	487.4	491.6
196.	Forecast February 1982		446.5	449.6	458.3	463.9	469.7	475.2	481.4	487.8	
197.	Forecast November 1981	437.6	440.7	449.8	455.2	462.8	468.1	475.8	481.2		
198.	Forecast August 1981	441.2	448.8	455.5	464.6	469.0	476.3	483.0			
199.	Forecast May 1981	442.2	447.2	459.1	467.9	478.7	482.1				
200.	Forecast February 1981	445.4	455.2	460.2	467.8	476.1					
201.	Forecast November 1980	443.1	454.3	465.3	473.2						
202.	Forecast August 1980	433.0	440.7	448.0							
203.	Forecast May 1980	429.4	437.3								
	Industrial Production										
204.	Actual	146.3	141.4								
205.	Forecast May 1982			141.0	145.4	147.6	151.9	153.4	155.1	155.3	154.7
206.	Forecast February 1982		141.1	142.2	147.4	150.4	152.9	155.4	156.4	157.3	
207.	Forecast November 1981	150.4	149.0	150.3	152.0	153.5	153.9	156.3	156.0		
208.	Forecast August 1981	149.8	151.9	154.5	155.7	158.8	160.1	159.5			
209.	Forecast May 1981	154.8	156.5	160.9	163.0	166.2	165.6				
210.	Forecast February 1981	157.4	162.0	164.8	166.5	167.6					
211.	Forecast November 1980	147.2	149.5	151.8	153.0						
212.	Forecast August 1980	151.8	152.0	152.7							
213.	Forecast May 1980	154.6	156.1								
	Seasoned Aaa Corporate Bonds										
214.	Actual	14.62	15.01								
215.	Forecast May 1982			14.37	14.88	13.94	13.76	13.38	12.99	12.78	13.01
216.	Forecast February 1982		15.33	14.96	15.41	15.65	15.25	15.37	15.02	14.78	
217.	Forecast November 1981	15.13	14.43	14.41	14.62	15.01	14.43	14.45	14.76		
218.	Forecast August 1981	14.17	13.89	13.66	13.82	14.11	13.95	13.80			
219.	Forecast May 1981	13.68	13.27	12.96	12.59	12.75	12.91				
220.	Forecast February 1981	12.09	12.43	12.71	12.61	12.78					
221.	Forecast November 1980	11.26	11.42	11.78	12.23						
222.	Forecast August 1980	10.91	10.62	10.83							
223.	Forecast May 1980	10.21	10.51								
	Civilian Employment										
224.	Actual	100.04	99.55								
225.	Forecast May 1982			99.32	99.74	100.28	100.89	101.43	101.92	102.32	102.75
226.	Forecast February 1982		99.45	99.46	100.01	100.53	101.24	101.85	102.34	102.79	

Table 8

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1982

U.S. Foreign Trade Accounts

	1981	1982	1983	80-81	81-82	82-83
Exports of U.S. Merchandise	233677	226231	245656	6.0	3.2	8.6
Food & Live Animals	30291	29287	33468	9.2	3.3	14.3
Beverages & Tobacco	2915	3199	3353	9.4	9.7	4.8
Crude Materials	20992	20838	23105	-11.8	-0.7	10.9
Mineral Fuels	10279	16636	17518	28.8	61.8	5.3
Animal & Vegetable Oils	1750	1605	1661	-10.1	-8.3	3.5
Chemicals	21187	19982	21820	2.2	-5.7	9.2
Manufactured Goods	20632	17456	18855	-8.9	-15.4	8.0
Machinery, Trans. Equipment	95717	90386	94803	13.2	-5.6	4.9
Miscellaneous Manufacturing	16746	14896	16328	2.5	-11.0	9.6
Commodities, n.e.c.	8389	6094	7465	-0.5	-27.4	22.5
Re-exports	4778	5853	7283	16.1	22.5	24.4
Imports of U.S. Merchandise	260982	253452	282015	6.6	-2.9	11.3
Food & Live Animals	15211	15110	17023	-3.5	-0.7	12.7
Beverages & Tobacco	3139	3156	3379	12.7	0.5	7.1
Crude Materials	11033	8163	10397	5.0	-26.0	27.4
Mineral Fuels	81360	70516	77473	-1.9	-13.3	9.9
Animal & Vegetable Oils	479	463	543	-10.1	-3.3	17.2
Chemicals	9322	9738	11488	8.5	4.5	18.0
Manufactured Goods	37224	35009	38710	15.5	-5.9	10.6
Machinery, Trans. Equipment	69679	73742	81899	15.0	5.8	11.1
Miscellaneous Manufacturing	26249	29638	32203	10.5	12.9	8.7
Commodities, n.e.c.	7284	7918	8903	0.8	8.7	12.4
Balance of Payments Accounts						
Total Exports	375993	369837	407401	9.1	-1.6	10.2
Merchandise	236300	226633	246268	5.5	-4.1	8.7
Reinvestment	11475	8541	10499	-32.5	-25.6	22.9
Other Investment	78582	81518	92603	33.3	3.7	13.6
Other Goods & Services	49636	53146	58033	10.9	7.1	9.2
Total Imports	362653	363695	404220	8.6	0.3	11.1
Merchandise	264117	253690	282763	5.9	3.9	11.5
Reinvestment	4556	5415	6648	-26.4	18.9	22.8
Other Investment	48744	55415	60765	31.8	13.7	9.7
Other Goods & Services	45326	49175	54045	9.5	8.5	9.9
Current Account Balance	6578	-883	-3994	-	-	-

Table 9.

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1982

Implicit Price Deflator For Personal Consumption Expenditures

	1981	1982				1983				1984	Percent Change			Annual		
	IV	I	II	III	IV	I	II	III	IV	I	80-81	81-82	82-83	1981	1982	1983
Durable Goods	170.1	171.9	173.7	176.5	179.1	181.5	183.9	186.3	188.3	190.6	6.7	5.3	5.5	166.4	175.3	185.0
% Change	4.2	4.3	4.3	6.7	6.0	5.4	5.4	5.3	4.4	5.0						
Automobiles	188.0	187.8	190.4	193.6	196.8	199.4	202.1	205.0	207.5	210.1	8.6	5.9	5.9	181.5	192.2	203.5
% Change	7.6	-0.4	5.7	6.8	6.9	5.3	5.6	5.8	5.1	5.0						
Furniture	154.2	155.9	157.7	159.3	161.0	162.5	164.3	166.1	167.6	169.4	5.6	4.5	8.9	151.6	158.5	172.6
% Change	3.4	4.5	4.6	4.0	4.4	3.9	4.3	4.5	3.7	4.2						
Other Durables	173.1	174.9	177.1	178.9	180.9	183.1	185.2	187.2	189.0	191.0	5.3	4.5	4.5	170.3	178.0	186.1
% Change	7.0	4.2	5.2	4.2	4.5	5.0	4.7	4.3	4.0	4.2						
Nondurables	206.2	207.2	208.5	211.8	215.3	218.3	221.5	224.8	228.3	231.2	7.3	4.1	5.9	202.4	210.7	223.2
% Change	5.0	2.0	2.6	6.4	6.8	5.7	6.1	6.2	6.4	5.2						
Food	211.1	214.0	216.3	220.7	224.7	228.4	232.0	235.8	239.5	242.9	8.6	5.8	6.9	206.9	218.9	233.9
% Change	4.7	5.6	4.8	8.3	7.5	6.7	6.5	6.8	6.3	5.9						
Apparel	139.9	139.9	141.1	142.1	143.2	144.5	145.8	147.2	149.0	149.3	3.2	2.2	3.5	138.6	141.6	146.6
% Change	0.9	0.0	3.5	3.0	2.9	3.6	3.8	3.9	5.1	0.6						
Gasoline & Oil	378.4	367.8	356.9	360.8	367.7	374.4	381.0	387.0	393.0	400.5	10.8	-3.4	7.4	376.0	363.3	390.4
% Change	8.9	-10.7	-11.3	4.5	7.8	7.5	7.2	6.5	6.3	7.9						
Fuel Oil	579.1	577.0	567.1	575.3	593.4	610.0	627.9	641.0	655.7	674.7	21.8	0.7	9.6	574.0	578.2	633.7
% Change	2.7	-1.4	-6.7	5.9	13.2	11.7	12.2	8.6	9.5	12.1						
Other Nondurables	189.9	193.4	196.5	199.7	202.9	206.0	209.2	212.4	215.6	218.9	8.6	7.2	6.4	184.8	198.1	210.8
% Change	7.0	7.6	6.5	6.7	6.5	6.3	6.4	6.2	6.3	6.2						
Services	202.3	206.3	210.1	214.1	218.2	222.6	226.8	231.0	235.2	239.7	9.6	8.7	7.8	195.2	212.2	228.9
% Change	9.9	8.3	7.6	7.8	7.9	8.3	7.8	7.6	7.5	7.9						
Housing	185.9	189.2	192.3	195.6	199.2	202.8	206.4	210.0	213.7	217.4	8.8	7.7	7.3	180.2	194.1	208.2
% Change	8.9	7.3	6.8	7.0	7.6	7.5	7.2	7.1	7.2	7.3						
Electricity & Gas	285.4	295.9	305.8	314.5	322.2	332.0	341.7	352.8	364.0	374.9	13.8	13.6	12.3	272.5	309.6	347.6
% Change	7.5	15.5	14.0	11.9	10.1	12.7	12.3	13.7	13.2	12.6						
Household Operations	168.0	171.0	173.4	175.7	178.6	182.8	185.5	188.0	190.8	193.8	9.8	8.7	6.9	160.7	174.7	186.8
% Change	13.1	7.3	5.7	5.5	6.7	9.7	6.1	5.6	6.0	6.4						
Transportation	203.8	207.4	210.3	213.7	217.3	221.3	225.1	228.7	232.4	236.2	8.0	6.6	6.9	199.0	212.2	226.9
% Change	4.9	7.3	5.8	6.7	6.9	7.5	7.1	6.6	6.8							
Other Services	214.2	218.6	222.9	227.3	231.8	236.4	240.9	245.3	249.8	254.5	10.1	9.4	7.9	205.9	225.2	243.1
% Change	11.8	8.5	8.1	8.2	8.0	8.2	7.9	7.5	7.5	7.8						
Personal Consumption Expenditures	199.3	201.8	204.4	207.9	211.5	215.0	218.5	222.1	225.7	229.2	8.3	6.5	6.7	193.7	206.4	220.3
% Change	7.7	5.0	5.3	7.0	7.1	6.8	6.7	6.7	6.6	6.4						
Consumer Price Index	218.4	283.6	285.4	289.7	294.4	298.7	303.2	307.9	312.8	318.0	10.3	5.9	6.0	272.3	288.3	305.7
% Change	7.8	3.1	2.6	6.2	6.7	5.9	6.2	6.3	6.6	6.8						

Table 10.

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1982

Implicit Price Indices With Annual Percentage Changes

	1981	1982				1983				1984	Percent Change			Annual		
	IV	I	II	III	IV	I	II	III	IV	I	80-81	81-82	82-83	1981	1982	1983
GNP Deflator	200.10	201.88	204.60	208.05	212.13	215.72	219.09	222.56	226.23	229.45	9.2	6.7	6.9	193.71	206.67	220.90
% Change	9.5	3.6	5.5	6.9	8.1	7.0	6.4	6.5	6.8	5.8						
Personal Cons. Exp.	199.3	201.8	204.4	207.9	211.5	215.0	218.5	222.1	225.7	229.2	8.3	6.6	6.7	193.7	206.4	220.3
% Change	7.7	5.0	5.3	7.0	7.1	6.8	6.7	6.7	6.6	6.4						
Private Domestic Investment																
Structures	255.3	258.4	263.5	268.4	273.5	278.4	283.2	288.0	292.9	298.1	9.6	8.0	7.4	246.3	266.0	285.6
% Change	10.0	5.0	8.1	7.6	7.8	7.3	7.1	6.9	7.1	7.2						
Producers Durables	186.7	186.2	189.1	191.9	195.0	197.7	200.4	203.0	205.6	208.1	7.2	4.5	5.8	182.4	190.6	201.7
% Change	6.0	-1.2	6.3	6.1	6.5	5.7	5.5	5.3	5.2	5.0						
Housing	238.8	242.0	244.7	248.0	251.8	255.5	259.3	262.9	266.3	269.9	6.7	3.3	5.8	238.8	246.6	261.0
% Change	5.8	5.6	4.5	5.5	6.3	6.0	6.1	5.6	5.3	5.5						
Exports	232.2	233.6	235.2	238.0	241.3	244.7	247.8	251.3	255.1	259.0	8.6	3.5	5.4	229.0	237.0	249.7
% Change	4.2	2.4	2.7	4.8	5.7	5.8	5.2	5.7	6.2	6.3						
Imports	288.5	289.3	291.3	295.5	300.3	305.8	311.0	316.5	323.1	329.7	1.9	-0.5	6.8	295.5	294.1	314.1
%Change	-1.8	1.2	2.8	5.9	6.6	7.5	7.0	7.3	8.6	8.4						
Federal	217.2	216.2	217.7	220.4	229.2	232.3	235.7	238.4	247.6	251.3	12.2	7.0	8.0	206.4	220.9	238.5
% Change	22.2	-1.9	2.8	5.1	17.0	5.6	6.0	4.7	16.4	6.0						
Federal Purchases	234.1	230.5	233.7	237.2	242.2	246.5	251.6	255.7	261.2	265.8	12.9	5.2	7.6	224.3	235.9	253.8
% Change	11.3	-6.0	5.7	6.2	8.6	7.3	8.5	6.8	8.9	7.2						
Federal Value Added	194.4	195.9	196.5	197.4	210.6	212.0	212.6	213.1	227.2	229.2	10.3	8.9	8.1	183.7	200.1	216.2
% Change	41.3	3.1	1.3	1.8	29.5	2.6	1.0	1.0	29.3	3.6						
State & Local	206.2	209.8	212.9	216.8	220.6	224.5	228.5	232.7	236.6	240.8	8.2	7.4	7.2	200.3	215.0	230.6
% Change	6.9	7.1	6.1	7.5	7.2	7.3	7.4	7.6	6.9	7.4						
State & Local Purchases	218.0	221.2	224.4	228.0	232.0	235.9	239.8	244.0	248.2	252.6	8.5	6.7	6.9	212.2	226.4	242.0
% Change	5.3	6.0	5.9	6.6	7.1	7.0	6.8	7.1	7.2	7.3						
State & Local Value Added	198.0	201.9	205.0	209.1	213.0	216.9	221.0	225.0	228.8	232.9	8.7	7.9	7.6	192.0	207.3	222.9
% Change	8.1	8.1	6.3	8.2	7.6	7.5	7.7	7.5	7.0	7.4						

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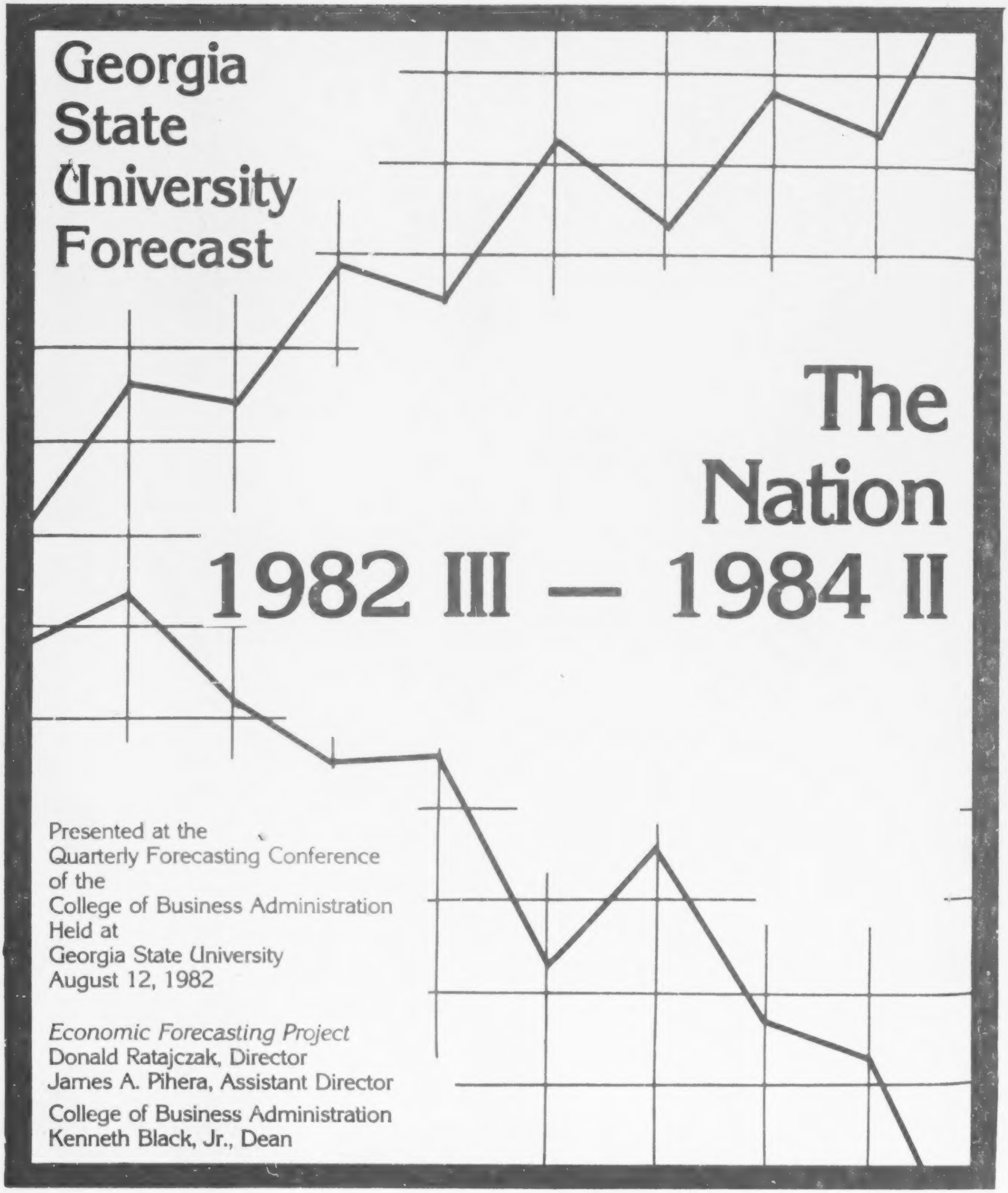

Georgia State University Forecast

The Nation

1982 III — 1984 II

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Economic Forecasting Project
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FINANCIAL CONSTRAINTS CONTINUE TO DISTORT ECONOMIC RECOVERY

Dr. Donald Ratajczak, Director
Economic Forecasting Project
Georgia State University

COMMENTARY

Inventory liquidations slowed in the second quarter from a $15.4 billion annual rate of decline during the first quarter. Normally, such a lessening of inventory liquidations would signal an increase in industrial activity. This time, however, industrial activity continued to decline. Several factors account for this unusual performance. First, the rebuilding of inventory stocks has been uneven. During the winter, inventories other than automobiles and trucks declined at an inflation adjusted annual rate of $5.8 billion. This was only the beginning of inventory liquidations, as these components showed an annual decrease of $11.2 billion in the spring. However, inventories of autos and trucks rose $4.9 billion in the spring following a decrease of $9.6 billion in the winter. Moreover, auto sales did not respond to increased production. For example, domestic sales in June were at an annual rate of 4.6 million units, far below the 5.8 million units at annual rates produced in the month. While inventories other than autos and trucks should show only modest liquidations in the third quarter and move toward accumulation late in the year, inventories of autos and trucks must be reduced again. As a result, total inventory liquidations during the summer should be as intense as during the spring.

Second, final demand has continued to decline while inventory liquidations have moderated. During the spring, final sales declined 0.6% at annual rates after adjustment for inflation. Some of this weakness was in the government sector, where reduced purchases by the Commodity Credit Corporation led to a one time slowing in federal purchases of goods and services. However, surprisingly strong earnings on investments abroad caused net exports to perform more strongly than had been expected. Sources of these foreign earnings are difficult to determine and certainly should not be replicated in subsequent quarters, at least until the European recession has ended. More fundamentally, purchases of producers' durables continued to slump sharply. Obviously, high interest rates and a low return on equity capital have limited near term expansion potential in the capital equipment area. Indeed, current orders are running almost $4 billion below monthly shipments. This virtually dictates continuing declines in capital expenditures through the remainder of this year. Moreover, expansion in nonresidential construction soon must end. Continued sluggish expansion in utility utilization and the rapidly developing recession in oil exploration will generate some weakness. Also, in the last year contracts have been let for activity to create work space for an additional million office workers, even as total employment has been plunging by 1.4 million jobs. Although the buildings currently being constructed ultimately will be utilized, the need for further construction certainly is remote. As long as interest rates remain very high, buildings that cannot generate cash flow for several years cannot be economically viable. Therefore, expansion in final demand must rest upon the shoulders of the consumer.

Unfortunately, the rebound in energy prices during the spring has sapped some of the purchasing power that otherwise would have been available to consumers. Also, too much has been made over actual changes in withholding tax rates in July. In fact, tax schedules have been reduced since January. Only those consumers facing liquidity constraints would respond postively to the actual disbursement of tax reductions in July. Certainly, some consumer response is expected from the social security disbursements, where liquidity issues are significant, and from households experiencing some liquidity pressures. Nevertheless, the degree of consumer response to the July tax cuts has been overstated. Moreover, the reduction in short-term interest rates, the form in which most households hold their financial portfolios, should significantly slow the growth of interest income. Thus, strong consumer support for the economy late in 1982 and in 1983 does not appear to be realistic.

Despite all these concerns about developing economic conditions, an economic expansion appears to be developing. However, positive signs are not plentiful. Stock prices, which normally anticipate economic expansion by several months, are at Reagan administration lows. A sharp plunge in short-term interest rates during July appears to be responding more to a decline in the demand for money than to any expansion of credit availability. Normally, such weakening demand suggests that a weak economy is also developing. Sensitive prices moved up in late July and then began to falter in early August. Some sensitive production numbers, such as steel activity and rail freight loadings, have been exhibiting see-saw patterns that suggest a bottoming of activity but no increase at the present time. Also, the leading indicators showed no gain in June and should not be robust in July either.

On the other hand, initial unemployment claims have fallen to 500,000 in the latest week. While the unemployment rate shot up to 9.8% in July, most of this increase actually would have been registered in June if the survey week had been later in the month. Payroll employment declined by a rather minor 17,000 jobs in July. While housing activity remained extremely weak, with sales of only 341,000 single family units in June, a modest reduction in FHA and VA rates along with some other mortgage rate reductions may begin to stimulate some activity in that sector. Moreover, defense spending is continuing to generate significant production and employment gains in the government sector. On balance, the evidence suggests that July may ultimately be declared the economic trough of this recession.

Unfortunately, the financial constraints that seem to have been a major contributor to the economic downturn remain largely intact. Once nominal GNP tries to expand beyond a 10% growth path, the monetary targets of the Federal Reserve create a conflict that can only be resolved by increasing short-term interest rates and slowing the growth of expenditures. Of course, the economy can avoid production disruptions as a result of that constraint if inflation rates continue to recede. Here, the outlook for inflation has remained unchanged in the last few months. Unit labor costs in the private economy have slowed to less than the rate of inflation in the spring. Gains in productivity even during a recession appear to be responsible for this performance. Even stronger productivity gains are possible for a quarter or two once production begins to expand. However, these productivity gains appear to be one time improvements generated as a result of eliminating inefficient plants and streamlining headquarters staffs. Corporate managers are again becoming concerned about operations and are placing their portfolio and balance sheet activities on the back burner. While these increases in productivity should be preserved, productivity gains should slow after the recovery has begun, at least until management can provide workers with more efficient equipment.

The other part of the equation on unit labor costs is hourly wage compensation. Although many wage concessions from unions have captured the headlines and have also restricted the growth in first year wages on major contracts to only a 3% gain, wage increases remain intense in the total economy. The hourly earnings index has increased at 6.9% above previous year levels throughout the spring. The spring acceleration of consumer prices, though expected to subside later in the summer, may cause escalator clauses to push the hourly earnings index upward in coming months. Some renewed slowing in hourly wage compensation is expected during the first year of recovery, but the magnitude of further improvement in wage inflation is not expected to be great. Therefore, unit labor costs are expected to expand about 5.2% in 1983. By that time, the inflationary contributions from agricultural and energy commodities should rise from below inflation rates in 1982 to rates more consistent with overall inflation in 1983. Furthermore, the dollar, while remaining a very strong currency until the latter part of 1983, should not contribute further restraining forces upon the price increase of imports. Thus, inflation rates in excess of 6% remain likely in the recovery period.

If this inflationary outlook proves to be correct and the Federal Reserve continues to pursue its current money targets, decreases in short-term interest rates from current levels are not likely, at least until economic activity weakens below the 10% nominal growth path. While long-term interest rates could decline despite little further reduction in yields on short-term instruments, savings and investment conditions suggest that only moderate gains in long-term yields are likely. Continuing declines in expenditures for capital equipment may provide some interest rate relief, especially after nonresidential construction begins to decline late in the year. However, recent improvement in mortgage rates could stimulate enough housing activity to absorb the funds released as a result of declining fixed investment. While some further declines in interest rates are possible as long as inventories are being liquidated, this liquidation phase should end sometime in the fall. Therefore, only limited reductions in investment activity are expected, despite the high real rates of interest.

On the savings side, the economy is facing a catch 22. If households significantly increase savings, interest rates can fall sharply. However, no economic recovery would develop. The continued underutilization of capital equipment would remain more significant in determining investment priorities than the reduced interest expenses that would be developing. Nevertheless, strong household savings responses would significantly lower interest rates. One factor that largely precludes such household activity is the exhaustion of available durable capital that households have incurred in recent months. The replacement demand for consumer durables is unusually high. In effect, households should be expected to convert some of their increased income into increased household investments. Indeed, our forecast suggests that household savings will be trending downward in the next two years.

Increases in corporate cash flow initially will generate improved corporate liquidity. However, the tax increase bill for 1982 significantly reduces the tax advantages from investment tax credits and accelerated depreciation. Thus, the improvement in corporate liquidity will be limited. Therefore, any meaningful change in earnings continues to reside with government deficits. With the enactment of tax increases, deficits now are expected to gradually trend downward. However, the degree of improvement is only about $10 billion per year, far short of the anticipated gains in investment needs as the economy tries to recover.

Since there are enough gains in savings net of government borrowings to meet investment needs early in the expansion, modest reductions in long-term interest rates remain likely. However, substantial interest rate reductions remain elusive under this scenario. Thus, at the low point of the interest rate cycle during this recovery, inflation adjusted interest rates will be higher than at any point in the decade of the 1970s. These high real rates of interest will prevent any vigorous expansion of economic activity. Indeed, the entire expansion may be supported only by consumption and federal government defense spending. Moderate gains in housing activity could sustain expansion through 1983, but an enduring recovery will require support from capital spending and net exports. Such support may not develop soon enough to prevent a temporary pause in the recovery early in 1984, after consumer oriented tax stimuli have been exhausted.

Although the inability of long-term bonds to show any sustainable gains and the recent stock market collapse have shaken investors, those following the investment strategy suggested in our previous forecast should not despair. In the first place, adverse credit market pressures were anticipated three months ago. The perferred investment strategy was to remain in money market funds through the summer and then convert either to long-term bonds or to equity ownership. Three months ago, the annualized after tax rate of return expected in the next twelve months for those preferring long-term bonds was 19.9%. Our current outlook is less favorable, but the expected rate of return remains at 19.4%. Those who purchased the second quarter stock market averages can now expect only a 25.1% after tax return on that investment according to the forecast, rather than the 28.6% that originally appeared to be likely. Nevertheless, these gains remain more beneficial than the 6.5% after tax rate of return that can be expected for money market funds. While the near-term prospects look dismal, the preferred investment strategy remains one of moving out of short-term securities and into equities and long-term bonds by the end of the summer.

Recent Performance, Data Revisions, And Outlook

After a year's delay, the July data revisions that normally accompany second quarter GNP estimates reappeared. On the surface, the revisions appear to be relatively modest. For example, nominal GNP in the first quarter of 1982 was largely unchanged from the preliminary data. Upon closer inspection, however, more noteworthy changes emerge. For example, prices were 0.9% higher in the first quarter than originally expected, with most of the upward adjustment occurring in the previous two years. This lowered inflation adjusted GNP by a comparable amount from previously reported levels. Consumption was revised downward sharply, while fixed investment was revised upward. Government spending remained largely unchanged.

Household income was basically unchanged, as a significant downward revision in benefits received by wage recipients was offset by a large increase in interest earnings. Because disposable income remained unchanged while consumption fell sharply, the personal savings rate was revised upward dramatically. In the first quarter, the savings level of households was increased from $112.1 to $139.1 billion. Again, most of this revision occurred in the last two years. Thus, savings in the household sector was more responsive to rising real returns than had originally been thought. This suggests that consumption response to tax reductions may be weaker than contained in this forecast.

Not only was interest income revised upward, but corporate profits also were raised from the expectations in the first quarter. Business and professional proprietors' income, on the other hand, was revised downward sharply. If proprietors' income is included in wages, the data revision sharply increases the estimated return on capital. With both the growth of capital and the return on capital revised upward, the concern about capital adequacy to preserve economic expansion has diminished.

Of course, another view of the revisions shows greater increases in capital and less expansion in output than had previously been observed. This might suggest a lower return on capital during the economic recovery than originally had been expected. It also suggests that effective excess capacity is larger than originally thought. As a result, the extension of weakness in the fixed investment sector of the economy may be greater than originally expected.

Because of the more extended swing in inventories than originally projected and because fixed investment is expected to decline over a longer period of time than originally thought, projections of economic activity have been reduced over the forecast period. On the other hand, the clear signs of economic weakness that previously appeared to develop early in 1984 become much more ambiguous in the latest projections. Possible economic weakness still surfaces at that time but the magnitude of the weakness may be insufficient to qualify as another recession.

Prices are expected to increase at about the same rate as anticipated in our previous forecast, although the data revisions mean that the level of prices will continue to be higher than expected three months ago. Consumer prices also are expected to be higher, as energy prices rebounded more strongly than expected while housing prices contained in the Consumer Price Index are showing surprising strength. Recent reports on hogs and beef suggest that meat prices may increase relative to inflation in the fourth quarter of this year and through much of 1983.

Upward revisions in the inventory holdings of manufacturers has led to a more extended inventory liquidation than had been expected prior to the data revisions. This change is not significant, however. More significant has been the anticipated slowing of expenditures for fixed investment. Also, housing activity is expected to recover more slowly than expected three months ago. However, housing activity toward the end of 1983 is expected to attain the 1.4 million unit range previously anticipated.

Government purchases of goods and services are expected to be greater than in our May forecast. Of course, the slowing of growth in medicare payments and the reduction in AFDC eligibility will affect transfer payments, not purchases of goods and services. Growth in purchases by state and local government has been reduced as a result of data revisions that converted a modest operating surplus into a $6 billion deficit. However, this slowing has been offset by acceleration in anticipated military purchases by the federal government.

Projections of a slightly weaker economy than expected three months ago lead to lower gains for corporate profits than originally thought. In addition, the data revisions show a higher return to capital than originally reported, although those returns reside mostly in the form of interest payments. If interest rates can be significantly reduced, the share of returns to capital going to equity owners could accelerate dramatically. Unfortunately, that condition is not anticipated in this developing recovery. As the proposed tax increases significantly slow the degree by which corporate tax liabilities fall, after tax corporate profits are revised downward by even a larger amount than the downward revision in operating profits. Obviously, such downward adjustments in the earnings of equity owners has an adverse effect upon the Dow Jones averages. The Dow Jones now is not expected to challenge 1100 until 1984.

Increases in tax rates are virtually offset by downward revisions in economic activity, especially in the concentration of activity accruing to equity owners. As a result, government receipts are expected to grow about as rapidly as projected three months ago. Similarly, reductions in the growth of medicare, declines in AFDC eligibility, an anticipated capping of retirement benefits for government retirees, and an estimated 4% salary increase for all government employees merely offset increased expenditures required to provide welfare and unemployment compensation and to pay for higher interest expenses and military expenses than previously expected. Thus, government deficits show little tendency to trend downward even after the recovery has begun. On the other hand, deficits are not expected to worsen. Government borrowing as a share of GNP will gradually diminish.

Although data revisions partially distort the analysis of forecast errors, few changes in economic conditions were not anticipated during the second quarter. The major reason for an increase in GNP (we had anticipated a small decline) was the accumulation of automobile inventories. In effect, the industry produced in excess of our projection of sales. These management errors are difficult to capture in a forecast and are expected to be reversed once management realizes the magnitude of their error. The unexpected decline in short-term interest rates in July appears to reflect a temporary reduction in the demand for money which left a temporary surplus of available reserves at prevailing short-term rates. This reduction in the demand for money reflected the renewed weakness in economic activity, as inventory liquidations continue to be extended. This latter condition, in turn, was caused by the production errors in the automobile industry. Except for the required adjustments to our system to reflect changing data relationships, few fundamental changes were made in our forecasting procedures.

Assumptions

Most of the government assumptions were altered to reflect the tax increases currently being discussed in conference committee. The changes in federal personal income taxes included a reduction in the medical coverage to $100 from $150 and an increase to 7% of gross income from 3%, an increase in the casualty deduction to 10% of gross income, elimination of the reinvestment procedure for utility shareholders, and the 10% withholding on dividends and interest. The six month capital gains provision was not expected to survive conference. Of course, changes in the marriage tax and in the gift and estate taxes continue to offset some of these tax increases in 1983 and 1984. In general, personal taxes were expected to be increased by $8 billion annually as a result of these adjustments.

Another $8 billion in the first year was expected to be retrieved as a result of changes in corporate tax treatments. 50% of any investment tax credit was expected to offset the basis upon which capital could be depreciated after the beginning of 1983. Sale lease-back arrangements were limited to 50% of the capital purchased or 50% of the prevailing tax liability of those purchasing the tax obligations. Moreover, only straight line depreciation was permitted by the purchasers. Treatment of mergers and multi-year contracts were tightened so that contractors now must coordinate expenses and income receipts. The minimum required estimated tax was accelerated in 1983 and beyond until 85% of tax liability was required to be paid. A 15% minimum tax was required on special preferences, including royalties paid abroad, interest expenses related to the support of tax free securities, and intangible fees for drilling purposes. Two industries especially impacted were the insurance industry, where provisions for co-insurance were significantly tightened, and the drug industry, where their facilities in Puerto Rico were no longer exempted from taxation.

Nearly $4 billion of excise taxes were levied, including $1.2 billion for cigarettes in 1982 and 1983, a percentage point increase in the excise taxes on telephone services in 1982 and 1983, and an increase in airline excises from 5% to 8% starting in September of 1982. About 80% of the cigarette excise was expected to be reflected in higher prices. The price responsiveness of telephone and airline tax changes was 50%, spread over the first two quarters after enactment.

Social security taxes were expected to be 6.70% for employee and employer on the first $34,900 in 1983 and 6.70% on the first $37,000 in 1984. In addition, unemployment compensation rates levied by the federal government were expected to rise to 0.8% on the first $7000 from 0.7% on the first $6000. Tighter compliance requirements for states were expected to increase their unemployment compensation rates by an average of .15 percentage points in the next two years. Government employees were required to pay for medicare, about 1.3% of their compensation.

Assumptions on the expenditure side of government include the following:

(a) A 4% salary increase in October 1982 and October 1983. The military was expected to receive 8.9% in 1982 but only 4% in 1983.

(b) Changes in medicare benefits were expected to slow the growth of that program by $6 billion per year beginning in 1983. Change in AFDC eligibility was expected to slow the growth of that program by $0.5 billion per year beginning in 1983. Veterans qualifying for VA loans were expected to pay origination fees. The result was a reduction in implied benefits by $0.5 billion. Finally, a 4% ceiling on cost of living adjustments for government retirees was expected to be ratified.

(c) A postal rate increase of 10% was anticipated in 1984. The price of oil entering the United States was expected to average $32.55 per barrel in 1982. It was expected to rise to $34.25 for 1983. In 1984 a 10% increase was expected. No significant work stoppages were assumed.

Summary

Inventory liquidations have been more extended than originally anticipated as a result of rapid production increases by automobile producers that were not warranted by existing sales. This partially explains the continued weakness in many sensitive indicators into July. However, an economic recovery now is developing. Some consumer support for economic growth is expected, although the degree to which consumers will lead this recovery may not be as dramatic as some had thought. Moreover, except for military spending and some modest increases in housing activity, few areas of economic strength are anticipated in the next two years. Fixed investment should continue to trend downward throughout the forecast period, as a developing decline in nonresidential construction offsets any modest gains that develop in producers' durables during 1983. In general, real interest rates are expected to be higher than those contained in our forecast three months ago.

Unfortunately, the deteriorating economic outlook has reduced anticipated government receipts by the same magnitude as receipts are being enhanced by the latest tax increases. Government expenditures remain largely the same as projected three months ago. If the household sector converts some of its savings into household investments for automobiles and other consumer durables, as we anticipate, any modest gains in reduced government deficits will be offset by diminished household savings. Therefore, real rates of interest show little tendency to trend downward. Thus, the interest sensitive components of the economy will remain depressed throughout the recovery. This creates the possibility that a renewed period of economic weakness may develop in the middle of 1984.

Table 1.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1982

U.S. Expenditures for 1982-I through 1984-II

		1982				1983				1984		Percent Change			Annual		
		I	II	III	IV	I	II	III	IV	I	II	80-81	81-82	82-83	1981	1982	1983
1.	**Personal Consumption Expenditures**	1919.4	1950.8	1998.1	2046.1	2095.8	2146.5	2199.4	2252.7	2304.9	2355.6	10.6	4.5	12.8	1843.2	1926.9	2173.6
2.	Autos and Parts	103.2	105.0	109.5	115.5	120.2	124.3	129.5	133.1	136.2	137.9	9.9	11.8	15.1	98.6	110.2	126.8
3.	Other Durable Goods	134.7	137.6	139.1	140.9	143.3	145.7	148.3	151.3	154.7	157.7	9.1	-2.1	10.5	136.0	133.2	147.2
4.	Nondurable Goods	749.1	756.5	775.4	789.8	805.8	824.2	842.75	861.0	878.1	895.8	9.6	4.5	8.6	734.5	767.7	833.4
5.	Services	932.4	951.6	974.1	999.9	1026.5	1052.3	1078.9	1107.3	1135.9	1164.2	11.7	7.8	13.1	874.1	942.4	1066.3
6.	**Gross Private Domestic Investment**	414.8	429.1	433.0	469.0	484.3	502.1	513.4	527.2	538.8	541.3	17.2	-5.6	13.9	471.5	445.1	506.8
7.	Residential Construction	93.4	94.7	96.8	102.6	108.4	112.4	118.9	125.8	129.6	131.4	1.7	-3.1	14.5	104.9	101.7	116.4
8.	Other Structures	141.4	143.2	146.0	147.6	148.9	150.2	151.6	152.8	154.3	156.3	17.4	11.4	4.4	129.7	144.5	150.9
9.	Producers' Durables	215.6	210.8	209.6	209.2	210.5	212.7	215.1	216.9	219.9	221.8	8.9	-2.4	1.2	216.4	211.3	213.8
10.	Change in Inventories	-35.6	-19.7	-19.4	9.6	16.5	26.8	27.8	31.7	35.0	31.8	-	-	-	20.5	-16.2	25.7
11.	**Net Export of Goods and Services**	31.3	35.6	27.3	21.6	27.0	27.4	29.6	26.1	24.3	21.5	-	-	-	26.1	28.9	27.5
12.	Exports	359.9	360.9	378.4	391.6	402.1	413.1	423.9	436.6	446.8	459.6	8.3	1.5	12.4	367.3	372.7	418.9
13.	Imports	328.6	325.3	351.1	370.0	375.1	385.7	394.3	410.5	422.5	438.1	8.7	0.7	13.9	341.3	343.7	391.4
14.	**Government Purchases of Goods and Services**	630.1	631.9	644.6	665.6	681.7	695.6	711.9	730.2	744.4	759.1	10.9	7.7	9.6	596.9	643.1	704.9
15.	Federal	249.7	244.1	251.1	265.1	272.9	278.8	286.4	296.6	302.1	307.4	16.1	10.3	12.4	228.9	252.5	283.7
16.	National Defense	166.2	172.2	177.9	188.0	192.8	197.8	204.1	214.2	219.4	225.0	17.0	14.6	14.8	153.7	176.1	202.2
17.	Other, including NASA	83.5	71.9	73.2	77.1	80.1	81.0	82.3	82.4	82.7	82.4	14.3	1.6	6.7	75.2	76.4	81.5
18.	State and Local	380.4	387.8	393.5	400.5	408.8	416.8	425.5	433.6	442.3	451.7	7.9	6.1	7.8	368.0	390.6	421.2
19.	**Gross National Product**	2995.5	3047.4	3103.0	3202.3	3288.8	3371.6	3454.3	3536.2	3602.4	3677.5	11.6	5.1	10.5	2937.7	3087.1	3412.7
20.	Amount of Change	-7.7	51.9	55.6	99.3	86.5	82.8	82.7	81.9	76.2	65.1	-	-	-	304.6	149.4	325.6
21.	% Change*	-1.0	7.1	7.5	13.4	11.3	10.5	10.2	9.8	8.9	7.4	-	-	-	11.6	5.1	10.5
22.	% Real Change*	-5.1	1.7	1.2	5.0	3.8	3.7	3.8	2.7	2.3	1.0	-	-	-	1.9	-1.4	3.5
23.	% Price Change*	4.3	5.3	6.2	8.0	7.1	6.5	6.1	6.9	6.5	6.4	-	-	-	9.4	6.5	6.8
24.	Implicit Price Deflator	203.68	206.35	209.48	213.54	217.25	220.70	224.01	227.80	231.40	235.00	-	-	-	195.51	208.26	222.44
25.	Change in Final Sales	41.1	36.0	55.3	70.3	79.6	72.5	81.7	78.0	72.9	68.3	-	-	-	274.2	186.0	283.7
26.	GNP in 1972 Dollars	1470.7	1476.8	1481.3	1499.6	1513.8	1527.7	1542.0	1552.3	1561.1	1564.9	1.9	-1.4	3.5	1502.6	1482.1	1534.0

*Annual Rate

Table 2.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1982

U.S. Real Expenditures for 1982-I through 1984-II

		1982				1983				1984		Percent Change			Annual		
		I	II	III	IV	I	II	III	IV	I	II	80-81	81-82	82-83	1981	1982	1983
1.	**Personal Consumption Expenditures**	949.1	956.3	961.3	967.2	972.9	980.5	989.2	996.6	1003.1	1008.5	1.8	1.2	2.7	947.6	958.5	984.8
2.	Durable Goods	137.5	139.0	140.3	143.0	145.0	146.8	149.2	150.7	152.4	153.3	2.2	0.0	5.6	140.0	140.0	147.9
3.	Nondurable Goods	362.2	365.7	367.4	367.8	368.9	372.1	375.1	377.7	379.6	381.4	1.8	0.9	2.1	362.4	365.8	373.5
4.	Services	449.5	451.6	453.6	456.4	459.0	461.6	464.9	468.2	471.1	473.8	1.7	1.7	2.3	445.2	452.8	463.4
5.	**Gross Private Domestic Investment**	195.4	200.5	200.1	212.4	216.8	220.9	223.3	226.3	228.1	226.3	8.4	-10.5	9.7	225.8	202.1	221.8
6.	Residential Structures	38.9	39.2	39.9	42.0	43.9	44.8	46.8	48.8	49.5	49.4	-4.8	-10.9	15.3	44.9	40.0	46.1
7.	Other Structures	53.5	53.7	54.3	54.4	54.2	53.9	53.6	53.3	53.0	52.8	6.3	4.7	0.4	51.6	54.0	53.8
8.	Producers' Durables	118.5	114.5	112.5	111.4	111.1	111.0	111.0	110.8	111.1	110.7	-2.7	-5.1	2.8	120.4	114.2	111.0
9.	Change in Inventories	-15.4	-6.9	-6.6	4.6	7.6	11.2	11.9	13.4	14.5	13.4	-	-	-	9.0	-6.1	11.0
10.	**Net Export of Goods and Services**	36.9	35.6	34.5	32.2	34.3	35.2	36.4	35.3	34.7	34.1	-	-	-	42.0	34.8	35.3
11.	Exports	151.7	152.3	159.0	161.7	164.0	166.8	169.1	171.4	172.6	174.7	-0.4	-1.5	7.4	158.5	156.2	167.8
12.	Imports	114.7	116.8	124.5	129.5	129.7	131.6	132.7	136.1	137.9	140.6	7.2	4.3	9.1	116.4	121.4	132.5
13.	**Government Purchases of Goods & Services**	289.2	284.5	285.4	287.8	289.8	291.1	293.1	294.1	295.2	296.0	0.9	-0.1	1.8	287.1	286.7	292.0
14.	Federal	114.4	109.4	111.1	113.5	115.1	116.3	117.8	118.5	119.2	119.6	3.7	1.5	4.3	110.4	112.1	116.9
15.	State & Local	174.9	175.0	174.3	174.3	174.7	174.8	175.3	175.6	176.0	176.4	-0.8	-1.2	0.3	176.7	174.6	175.1
16.	**Gross National Product**	1470.7	1476.8	1481.3	1499.6	1513.8	1527.7	1542.0	1552.3	1561.1	1564.9	1.9	-1.4	3.5	1502.6	1482.1	1534.0
17.	**Final Demand**	1486.1	1483.7	1487.9	1495.0	1506.2	1516.5	1530.1	1538.9	1546.6	1551.5	1.0	-0.4	2.3	1493.7	1488.2	1522.9
18.	**Private Product**	1292.3	1297.7	1302.5	1321.7	1334.8	1347.6	1361.3	1372.3	1379.7	1382.3	2.2	1.3	3.9	1321.2	1303.6	1354.0

Table 3.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1982

Income Related U.S. GNP Components for 1982-I through 1984-II

		1982				1983				1984		Percent Change			Annual		
		I	II	III	IV	I	II	III	IV	I	II	80-81	81-82	82-83	1981	1982	1983
1.	Compensation of Employees	1830.8	1849.9	1875.3	1922.0	1972.8	2013.1	2059.4	2110.7	2162.8	2202.8	10.6	5.8	9.1	1767.6	1869.5	2039.0
2.	Wage and Salary	1541.5	1555.9	1575.6	1615.0	1655.2	1688.3	1726.8	1770.1	1812.2	1845.0	10.2	5.2	8.8	1494.0	1572.0	1710.1
3.	Manufacturing	385.1	385.5	387.7	397.9	408.9	419.2	430.3	441.7	453.4	461.1	9.0	0.7	9.2	386.4	389.1	425.0
4.	Other Commodity-Producing Industries	129.2	127.7	128.1	131.5	136.2	138.1	142.6	147.0	151.3	153.4	9.5	3.8	9.2	124.4	129.1	141.0
5.	Distributive Industries	371.4	375.7	381.1	388.4	399.0	407.2	415.8	425.1	435.7	444.0	9.3	4.9	8.6	361.4	379.2	411.8
6.	Service Industries	359.5	366.9	375.2	384.7	394.1	402.5	411.7	421.8	432.3	441.8	13.9	9.7	9.7	338.6	371.6	407.5
7.	Military	39.7	39.8	39.9	43.5	44.0	44.1	44.3	46.9	47.3	47.3	16.7	14.3	10.1	35.6	40.7	44.8
8.	Civilian Government	256.8	260.3	263.6	269.0	273.0	277.2	282.1	287.6	292.2	297.4	8.8	-7.3	6.7	283.1	262.4	280.0
9.	Supplements	289.3	294.1	299.7	307.0	317.6	324.8	332.6	340.6	350.6	357.8	12.8	8.7	10.6	273.6	297.5	328.9
10.	Proprietors' Income	116.4	115.3	120.4	127.9	131.7	132.2	133.5	136.6	137.9	139.7	7.2	-3.8	11.3	124.7	120.0	133.5
11.	Business & Professional	98.6	100.0	103.0	105.1	107.2	109.3	110.0	111.1	112.5	112.8	3.9	1.0	7.6	100.7	101.7	109.4
12.	Farm	17.8	15.3	17.4	22.8	24.5	22.9	23.5	25.5	25.4	26.9	23.7	-23.8	31.7	24.0	18.3	24.1
13.	Rental Income	33.9	34.2	34.5	34.9	35.3	35.7	36.1	36.5	37.0	37.5	3.0	1.5	4.4	33.9	34.4	35.9
14.	Net Interest	258.7	267.3	275.8	285.3	295.1	304.3	312.7	320.8	328.7	335.9	25.6	15.3	13.4	235.7	271.8	308.2
15.	Corporate Profits Adj.	157.1	167.4e	168.8	181.4	189.8	204.2	206.1	208.3	212.6	213.1	5.0	-11.5	19.8	190.6	168.7	202.1
16.	National Income	2396.9	2434.1e	2474.8	2551.5	2624.7	2689.5	2747.8	2812.9	2879.0	2929.0	11.1	4.8	10.3	2352.5	2464.3	2718.7
17.	Indirect Business Tax	250.2	257.7	265.4	273.5	282.8	289.9	297.8	305.6	313.5	320.7	18.0	4.1	12.3	251.3	261.7	294.0
18.	Capital Consumption Adj.	55.3	49.6	46.3	43.9	43.7	44.5	45.4	46.4	45.2	45.7	2.3	-22.0	-7.8	62.6	48.8	45.0
19.	Capital Consumption Alw.	293.4	305.1	315.4	325.7	334.6	342.4	350.8	358.7	367.1	375.8	15.3	15.9	11.8	267.5	309.9	346.6
20.	Business Transfers	13.1	13.5	13.9	14.2	14.6	15.0	15.4	15.8	16.3	16.7	8.8	10.5	10.9	12.4	13.7	15.2
21.	Net Govt. Subsidies	-6.0	-4.7	-5.0	-5.3	-5.4	-5.2	-5.3	-5.3	-4.3	-4.6	-	-	-	-6.6	-5.3	-5.3
22.	Statistical Discrepancy	-7.5	-7.3e	-7.8	-1.2	-6.2	-4.5	2.4	2.1	-4.4	-5.8	-	-	-	-1.9	-6.0	-1.6
23.	Gross National Product	2995.5	3047.4	3103.0	3202.3	3288.8	3371.6	3454.3	3536.2	3612.4	3677.5	11.6	5.1	10.5	2937.7	3087.1	3412.7

Table 4.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1982

Derivation of U.S. Personal Income for 1982-I through 1984-II

	1982				1983				1984		Percent Change			Annual		
	I	II	III	IV	I	II	III	IV	I	II	80-81	81-82	82-83	1981	1982	1983
1. National Income	2396.9	2434.1e	2474.8	2551.5	2624.7	2689.5	2747.8	2812.9	2879.0	2929.0	11.1	4.8	10.3	2352.5	2464.3	2718.7
2. Less: Corp. Profits Adj.	157.1	167.4e	168.8	181.4	189.8	204.2	206.1	208.3	212.6	213.1	5.0	-11.5	19.8	190.6	168.7	202.1
3. Social Insurance	250.8	252.9	256.1	262.0	275.4	280.9	287.3	293.9	305.9	311.2	16.7	7.3	11.3	238.1	255.5	284.4
4. Plus: Government Transfers	341.4	351.5	367.3	369.4	370.9	372.4	382.6	383.1	385.2	391.0	13.3	10.3	5.6	323.9	357.4	377.3
5. Old Age, Survivors, etc	194.7	197.1	210.1	212.4	214.1	215.0	226.2	227.6	229.8	231.6	18.0	11.9	8.4	182.0	203.6	220.7
6. Unemployment Benefits	18.7	23.5	25.1	25.2	24.2	23.5	22.2	21.7	20.8	20.7	-4.3	50.0	-0.9	15.4	23.1	22.9
7. Veterans' Benefits	16.3	16.0	16.2	16.3	16.2	16.0	15.8	15.6	15.5	15.3	7.3	0.6	-1.9	16.1	16.2	15.9
8. Employees' Retirement	51.5	54.4	55.9	56.7	57.5	58.9	59.8	60.7	61.5	65.8	14.4	11.0	8.4	49.2	54.6	59.2
9. A.F.D.C.	13.2	13.4	13.5	12.9	13.0	13.2	13.3	12.7	12.8	12.9	8.1	-0.7	-1.5	13.4	13.3	13.1
10. Other	47.0	47.0	46.5	45.9	45.9	45.8	45.3	44.8	44.8	44.7	6.0	-2.7	-2.4	47.9	46.6	45.5
11. Business Transfers	13.1	13.5	13.9	14.2	14.6	15.0	15.4	15.8	16.3	16.7	8.8	10.5	10.9	12.4	13.7	15.2
12. Interest Transfers	101.0	104.5	107.2	109.4	112.0	116.0	119.8	123.5	127.1	130.0	23.2	13.1	11.7	93.3	105.5	117.8
13. Dividends	65.8	66.1	66.4	67.0	67.9	69.2	70.5	71.7	72.9	74.0	11.8	6.1	5.3	62.5	66.3	69.8
14. Equals: Personal Income	2510.5	2549.5	2604.7	2668.1	2724.9	2777.0	2842.7	2904.8	2962.0	3016.4	11.8	6.9	8.9	2415.8	2583.2	2812.4
15. Less: Personal Tax Payments	393.4	397.5	379.7	393.5	413.7	425.5	410.1	424.0	438.4	447.8	15.0	1.1	7.0	386.7	391.0	418.3
16. Equals: Disposable Personal Income	2117.1	2151.9	2225.0	2274.6	2311.2	2351.5	2432.6	2480.8	2523.6	2568.6	11.2	8.0	9.2	2029.1	2192.2	2394.0
17. Less: Consumption	1919.4	1950.8	1998.1	2046.1	2095.8	2146.5	2199.4	2252.7	2304.9	2355.6	10.6	7.3	9.9	1843.2	1978.6	2173.6
18. Less: Other Outlays	58.6	59.2	59.7	60.4	61.0	61.9	62.7	63.7	64.5	65.2	9.9	6.8	4.7	55.7	59.5	62.3
19. Equals: Personal Savings	139.1	142.0	167.2	168.1	154.4	143.1	170.5	164.4	154.2	147.8	22.6	18.4	2.6	130.2	154.1	158.1
20. Savings Rate (%)	6.6	6.6	7.5	7.4	6.7	6.1	7.0	6.6	6.1	5.8	-	-	-	6.4	7.0	6.6

Table 5.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1982

U.S. Federal Government Activity for 1982-I through 1984-II

		1982				1983				1984		Percent Change			Annual		
		I	II	III	IV	I	II	III	IV	I	II	80-81	81-82	82-83	1981	1982	1983
1.	Government Receipts	609.0	616.2e	602.3	624.0	659.1	675.7	665.2	683.8	706.3	718.1	16.2	2.4	9.5	628.2	612.9	671.0
2.	Personal Tax & Non-Tax	299.9	302.4	282.3	292.5	309.2	318.3	299.7	310.1	321.0	327.7	15.8	-1.3	5.1	298.1	294.3	309.3
3.	Corporate Profits Tax	45.6	47.4e	49.4	53.7	57.6	59.6	61.1	62.2	61.5	61.4	-4.3	-27.2	22.7	67.3	49.0	60.1
4.	Indirect Business Tax	48.7	50.3	52.4	55.1	58.9	60.2	62.0	63.8	65.9	67.2	50.4	-11.8	18.6	58.5	51.6	61.2
5.	Contributions for Social Security	214.9	216.1	218.2	222.7	233.4	237.6	242.4	247.7	257.9	261.8	17.3	6.7	10.2	204.3	218.0	240.3
6.	Government Expenditures	728.3	733.0	757.2	774.2	784.3	794.0	813.6	825.9	834.4	847.3	14.3	8.7	7.5	688.2	748.2	804.5
7.	Purchases of Goods and Services	249.7	244.1	251.1	265.1	272.9	278.8	286.4	296.6	302.1	307.4	16.1	10.3	12.4	228.9	252.5	283.7
8.	Defense	166.2	172.2	177.9	188.0	192.8	197.8	204.1	214.2	219.4	225.0	17.0	14.6	14.8	153.7	176.1	202.2
9.	Durables	43.1	46.8	49.9	53.3	55.4	57.9	61.5	65.1	67.5	69.4	19.3	20.4	24.2	40.1	48.3	60.0
10.	Nondurables	13.6	14.6	16.0	16.3	17.0	17.6	18.2	18.8	19.5	20.6	17.8	19.8	18.5	12.6	15.1	17.9
11.	Military Compensation	39.7	39.8	39.9	43.5	44.0	44.1	44.3	46.9	47.3	47.3	16.7	14.3	10.1	35.6	40.7	44.8
12.	Civilian Compensation	26.5	26.7	27.1	28.2	28.3	28.5	28.8	29.9	30.1	30.4	11.0	7.5	6.6	25.2	27.1	28.9
13.	Other Services	39.8	40.4	41.5	43.1	44.5	45.9	47.5	49.6	51.0	53.2	20.8	10.8	13.8	37.2	41.2	46.9
14.	Structures	3.5	3.9	3.5	3.6	3.6	3.8	3.8	3.9	4.0	4.1	0.0	20.0	5.6	3.0	3.6	3.8
15.	Nondefense	83.5	71.9	73.2	77.4	80.1	81.0	82.3	82.4	82.7	82.4	14.3	1.6	6.7	75.2	76.4	81.5
16.	Durables	2.8	2.8	2.9	2.9	2.9	3.0	3.1	3.1	3.1	3.0	-10.7	4.0	3.4	2.5	2.9	3.0
17.	Nondurables	18.4	7.1	7.7	10.3	12.9	13.3	13.9	12.5	12.3	11.6	155.8	-0.9	21.1	11.0	10.9	13.2
18.	Compensation	32.4	32.4	32.6	33.8	33.9	34.0	34.2	35.4	35.6	35.7	6.1	4.1	4.9	31.5	32.8	34.4
19.	Other Services	23.7	23.8	24.1	24.2	24.4	24.5	24.8	25.1	25.3	25.6	4.4	2.1	2.9	23.5	24.0	24.7
20.	Structures	6.3	5.9	5.9	5.9	6.0	6.2	6.3	6.3	6.4	6.5	3.0	-11.8	3.3	6.8	6.0	6.2
21.	Transfer Payments	303.2	311.6	327.4	328.9	329.9	330.9	340.7	340.8	342.3	347.4	14.0	10.9	5.6	286.6	317.8	335.6
22.	Grants-in-Aid to State and Local Governments	83.0	83.1	81.8	80.9	79.9	79.0	78.1	77.3	76.9	76.5	-1.1	-6.3	-4.4	87.7	82.2	78.6
23.	Net Interest Paid	79.6	82.6	85.1	87.2	89.3	93.1	95.9	98.6	101.3	103.7	35.4	16.3	12.7	71.9	83.6	94.2
24.	Deficit of Government Enterprises	12.7	11.5	11.8	12.1	12.3	12.2	12.5	12.6	11.8	12.3	12.0	-8.4	3.3	13.1	12.0	12.4
25.	Federal Surplus	-119.3	-116.8e	-154.9	-150.2	-125.2	-118.3	-148.4	-142.1	-128.1	-129.2	-2.3	-	-	-60.0	-135.3	-133.5
26.	Federal Debt Held by Individuals	733.6	741.7	790.9	835.3	883.0	897.9	934.3	977.6	1025.2	1042.6	12.7	20.3	17.0	694.5	835.3	977.6
27.	Total Government Surplus	-91.6	-86.8e	-122.7	-114.2	-87.3	-79.1	-107.6	-99.5	-84.2	-85.2	-	-	-	-28.3	-103.8	-93.4

Table 6.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1982

Selected Economic Variables of the U.S. Economy for 1982-I through 1984-II

	1982				1983				1984		Percent Change			Annual		
	I	II	III	IV	I	II	III	IV	I	II	80-81	81-82	82-83	1981	1982	1983
Private Economy																
1. Change in Wage	8.8	6.2	7.2	7.1	9.4	6.0	6.7	6.9	8.4	6.4	9.5	8.0	7.4	-	-	-
2. Change in Output Per Worker Hr.	1.6	3.9	2.9	3.4	1.7	1.2	1.0	0.1	-0.1	-0.6	1.1	1.2	2.0	-	-	-
3. Change in Implicit Unit Labor Costs	8.3	2.2	4.1	3.5	7.6	4.8	5.7	6.7	8.6	7.0	8.3	6.7	5.2	-	-	-
4. Change in Adjusted Price Deflator	5.0	5.6	5.7	6.6	7.0	6.8	6.1	6.3	6.6	6.3	9.2	6.5	6.5	-	-	-
Prices																
5. Consumer Price Index	283.6	286.8	292.6	297.6	301.9	306.0	310.5	315.4	321.0	326.1	10.3	6.6	6.3	272.3	290.2	308.5
6. Industrial Commod. (PPI)	311.5	310.0	313.4	318.7	322.8	326.8	331.7	337.4	342.7	348.1	10.7	3.1	5.2	304.0	313.4	329.7
Corporate Economy																
7. After Tax Profit	115.9	121.6e	127.4	139.2	136.3	143.2	148.5	148.6	150.1	151.7	-4.5	-19.1	14.4	155.8	126.0	144.2
8. Inventory Profits	4.4	6.3	15.8	22.7	16.0	10.7	15.9	15.0	13.4	14.7	-39.4	-55.6	17.1	27.7	12.3	14.4
9. Genuine Profits	101.3	109.4e	108.1	114.9	119.4	131.2	131.1	132.0	137.0	137.6	12.3	-3.7	18.5	112.6	108.4	128.4
10. Mean Closing - Dow Jones	833.0	835.0	814.3	864.1	957.7	1030.0	1033.7	1031.5	1094.7	1046.3	4.7	-10.3	8.6	933.0	836.6	1013.2
11. Mean Closing - NY Composite	65.98	65.53	62.65	66.48	74.11	78.79	79.92	79.23	84.46	81.89	8.8	-12.0	19.7	74.08	65.16	78.01
Financial																
12 Monetary Base	172.8	176.6	179.0	182.1	185.1	188.8	191.9	195.1	197.9	200.4	6.4	6.6	7.1	166.6	177.6	190.2
13. Checkable Deposits	323.6	324.2	324.7	331.4	337.0	340.8	345.5	350.4	354.9	353.5	6.9	5.3	5.3	309.7	326.0	343.4
14. M1	448.1	451.6	454.0	463.5	471.7	478.0	485.2	492.6	499.6	500.3	7.0	5.8	6.1	429.5	454.3	481.9
15. Velocity of M1	6.583	6.641	6.732	6.806	6.865	6.941	7.006	7.069	7.116	7.231	4.1	0.1	4.2	6.685	6.691	6.970
16. M2	1851.5	1895.0	1928.1	1979.1	2025.4	2073.8	2125.7	2175.0	2221.9	2264.0	9.8	9.5	9.8	1747.2	1913.4	2100.0
17. Velocity of M2	1.593	1.583	1.585	1.594	1.599	1.600	1.599	1.601	1.600	1.598	1.5	-3.3	0.7	1.643	1.589	1.600
18. Federal Funds	14.23	14.51	11.93	13.24	12.84	11.92	12.43	11.28	10.68	9.68	23.8	-18.5	-10.1	16.54	13.48	12.12
19. Prime Rate	16.27	16.50	15.25	16.04	16.00	15.39	15.00	14.87	14.26	13.73	23.6	-15.1	-4.4	18.87	16.02	15.32
20. 6 Month T-Bills	13.07	12.55	11.42	12.13	11.69	11.14	11.48	10.95	10.21	9.76	21.3	-10.9	-7.9	13.79	12.29	11.32
21. Seasoned AAA Corp.	15.01	14.51	14.47	14.76	14.21	13.93	14.15	14.23	13.69	13.39	18.7	3.7	-3.8	14.17	14.69	14.13
22. Savings Capital S&L	530.3	535.2	541.8	548.0	556.1	562.9	572.4	580.6	588.7	596.5	5.7	4.3	5.4	516.4	538.8	568.0
23. Mortgages Outstanding S&L	516.6	513.6	515.4	517.9	521.5	525.7	531.8	538.3	545.5	553.3	5.6	0.5	2.6	513.5	515.9	529.3
Miscellaneous																
24. Housing Starts	924	956	1008	1125	1173	1236	1335	1393	1405	1373	-14.3	-9.5	28.0	1108	1003	1284
25. Single Family Starts	594	601	645	733	762	793	868	904	902	865	-16.3	-9.8	29.4	713	643	832
26. Unit Auto Sales	8.17	7.40	8.00	8.57	8.90	9.25	9.55	9.63	9.75	9.61	-4.3	-6.4	16.0	8.59	8.04	9.33
27. Civilian Employment	99.55	99.74	99.88	100.23	100.76	101.48	102.27	102.92	103.57	104.19	1.1	-0.5	2.0	100.40	99.85	101.86
28. Unemployment Rate	8.8	9.5	9.8	9.8	9.6	9.4	9.1	9.0	8.7	8.7	7.0	25.0	-2.1	7.6	9.5	9.3
29. Industrial Production Index	141.8	139.3	138.5	141.6	143.9	146.2	148.3	150.6	150.1	149.4	2.7	-7.0	5.0	150.9	140.3	147.3
30. Asset-Consumption Ratio	2.934	2.929	2.895	2.904	2.966	2.992	2.976	2.950	2.990	2.959	1.5	-2.7	1.9	2.996	2.916	2.971

Table 7.1.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1982

Change in Outlook on Significant Variables

	1982				1983				1984	
	I	II	III	IV	I	II	III	IV	I	II
Gross National Product										
1. **Available May 1982**	2995.1									
2. **Available August 1982**	2995.5	3047.4								
3. **Forecast August 1982**			3103.0	3202.3	3288.8	3371.6	3454.3	3536.2	3612.4	3677.5
4. **Forecast May 1982**		3033.5	3125.5	3217.2	3325.6	3405.3	3493.1	3564.5	3617.7	
5. **Forecast February 1982**	3013.5	3074.7	3177.0	3269.6	3360.3	3447.9	3529.2	3619.8		
6. **Forecast November 1981**	3032.6	3111.2	3196.7	3284.3	3364.5	3463.8	3550.0			
7. **Forecast August 1981**	3076.5	3165.4	3249.4	3558.9	3443.2	3520.2				
8. **Forecast May 1981**	3157.0	3265.5	3362.5	3468.8	3552.2					
9. **Forecast February 1981**	3177.5	3262.4	3354.0	3449.6						
10. **Forecast November 1980**	3077.1	3165.2	3245.0							
11. **Forecast August 1980**	3048.4	3124.7								
Implicit Price Deflator										
11. **Available May 1982**	201.88									
12. **Available August 1982**	203.68	206.35								
13. **Forecast August 1982**			209.48	213.54	217.25	220.70	224.01	227.80	231.40	235.00
14. **Forecast May 1982**		204.60	208.05	212.13	215.72	219.09	222.56	226.23	229.45	
15. **Forecast February 1982**	203.42	206.76	210.52	214.51	218.27	221.54	225.11	229.35		
16. **Forecast November 1981**	203.34	207.10	210.96	215.36	219.34	223.77	228.27			
17. **Forecast August 1981**	202.79	206.40	210.47	214.75	218.70	223.19				
18. **Forecast May 1981**	204.02	208.33	212.49	216.76	220.95					
19. **Forecast February 1981**	206.34	210.19	214.46	219.23						
20. **Forecast November 1980**	208.67	212.67	216.41							
21. **Forecast August 1980**	206.48	210.27								
GNP in 1972 Dollars										
22. **Available May 1982**	1483.6									
23. **Available August 1982**	1470.7	1476.8								
24. **Forecast August 1982**			1481.3	1499.6	1513.8	1527.7	1542.0	1552.3	1561.1	1564.9
25. **Forecast May 1982**		1482.7	1502.3	1516.6	1541.6	1554.3	1569.5	1575.6	1576.7	
26. **Forecast February 1982**	1481.4	1487.1	1509.1	1524.2	1539.5	1556.3	1567.8	1578.3		
27. **Forecast November 1981**	1491.4	1502.3	1515.3	1525.0	1533.9	1547.9	1555.2			
28. **Forecast August 1981**	1517.1	1533.6	1543.9	1564.1	1574.4	1577.2				
29. **Forecast May 1981**	1547.4	1567.5	1582.4	1600.3	1607.3					
30. **Forecast February 1981**	1539.9	1552.1	1563.9	1573.5						
31. **Forecast November 1980**	1474.6	1489.0	1499.5							
32. **Forecast August 1980**	1476.4	1486.0								

Table 7.2.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1982

Change in Outlook on Significant Variables

		1982				1983				1984	
		I	II	III	IV	I	II	III	IV	I	II
	Personal Consumption										
33.	Available May 1982	1950.7									
34.	Available August 1982	1919.4	1950.8								
35.	Forecast August 1982			1998.1	2046.1	2095.8	2146.5	2199.4	2252.7	2304.9	2355.6
36.	Forecast May 1982		1975.6	2026.1	2075.9	2127.1	2181.0	2032.3	2282.7	2382.2	
37.	Forecast February 1982	1949.2	1984.1	2038.8	2089.0	2141.3	2188.4	2241.8	2299.3		
38.	Forecast November 1981	1970.1	2019.2	2067.8	2117.9	2170.5	2231.3	2292.0			
39.	Forecast August 1981	1971.4	2021.2	2074.3	2136.4	2192.8	2255.9				
40.	Forecast May 1981	2004.1	2062.1	2118.0	2178.4	2244.8					
41.	Forecast February 1981	2011.7	2064.9	2120.9	2180.3						
42.	Forecast November 1980	1984.7	2034.0	2086.1							
43.	Forecast August 1980	1973.7	2030.0								
	Gross Private Domestic Investment										
44.	Available May 1982	392.6									
45.	Available August 1982	414.8	429.1								
46.	Forecast August 1982			433.0	469.0	484.3	502.1	513.4	527.2	538.8	541.3
47.	Forecast May 1982		404.7	439.1	463.2	505.7	517.9	534.0	534.2	531.1	
48.	Forecast February 1982	405.8	426.9	466.5	492.8	508.8	536.2	544.5	554.4		
49.	Forecast November 1981	420.1	437.4	456.9	476.3	493.9	510.8	516.6			
50.	Forecast August 1981	459.7	484.2	504.4	534.5	548.6	542.5				
51.	Forecast May 1981	487.5	521.6	541.2	568.8	574.9					
52.	Forecast February 1981	496.7	518.0	531.3	541.9						
53.	Forecast November 1980	476.1	504.3	519.2							
54.	Forecast August 1980	471.2	479.1								
	Government Purchases of Goods and Services										
55.	Available May 1982	628.0									
56.	Available August 1982	630.1	631.9								
57.	Forecast August 1982			644.6	665.6	681.7	695.6	711.9	730.2	744.4	759.1
58.	Forecast May 1982		627.2	640.3	662.3	675.7	688.2	704.8	726.7	741.9	
59.	Forecast February 1982	626.4	637.1	651.7	673.0	689.8	708.0	726.7	750.8		
60.	Forecast November 1981	623.8	637.4	652.1	673.8	689.8	707.8	726.1			
61.	Forecast August 1981	620.6	636.5	652.5	673.0	690.3	707.1				
62.	Forecast May 1981	638.2	655.1	671.5	694.9	711.9					
63.	Forecast February 1981	637.1	652.5	669.4	693.9						
64.	Forecast November 1980	622.7	635.7	649.7							
65.	Forecast August 1980	621.6	635.7								

Table 7.3.

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Change in Outlook on Significant Variables

		1982				1983				1984	
		I	II	III	IV	I	II	III	IV	I	II
	Corporate Profits										
66.	Available May 1982	146.2e									
67.	Available August 1982	157.1	167.4e								
68.	Forecast August 1982			168.8	181.4	189.8	204.2	206.1	208.3	212.6	213.1
69.	Forecast May 1982		146.1	162.2	174.1	190.0	200.2	209.5	212.4	201.4	
70.	Forecast February 1982	162.1	165.5	180.3	189.2	200.9	211.8	223.8	230.7		
71.	Forecast November 1981	157.1	166.6	172.2	182.1	193.0	203.6	211.2			
72.	Forecast August 1981	183.6	193.1	201.1	212.5	215.6	216.5				
73.	Forecast May 1981	211.1	219.5	227.6	239.0	244.3					
74.	Forecast February 1981	219.1	225.4	231.2	235.7						
75.	Forecast November 1980	221.1	230.2	234.1							
76.	Forecast August 1980	216.5	222.7								
	Disposable Personal Income										
77.	Available May 1982	2115.3									
78.	Available August 1982	2117.1	2151.9								
79.	Forecast August 1982			2225.0	2274.6	2311.2	2351.5	2432.6	2480.8	2523.6	2568.6
80.	Forecast May 1982		2148.9	2229.2	2279.6	2323.6	2366.2	2449.8	2497.7	2535.8	
81.	Forecast February 1982	2100.4	2141.4	2227.6	2276.0	2320.4	2364.6	2453.0	2504.0		
82.	Forecast November 1981	2128.9	2170.5	2255.4	2301.3	2342.0	2388.2	2462.6			
83.	Forecast August 1981	2134.9	2181.2	2269.2	2323.6	2364.7	2409.3				
84.	Forecast May 1981	2171.7	2224.9	2290.0	2342.9	2418.2					
85.	Forecast February 1981	2214.2	2268.1	2334.1	2388.2						
86.	Forecast November 1980	2156.4	2214.1	2278.8							
87.	Forecast August 1980	2132.9	2179.5								
	Personal Savings										
88.	Available May 1982	112.1									
89.	Available August 1982	139.1	142.0								
90.	Forecast August 1982			167.2	168.1	154.4	143.1	170.5	164.4	154.2	147.8
91.	Forecast May 1982		120.6	149.8	149.4	151.4	129.0	160.4	156.9	148.7	
92.	Forecast February 1982	98.7	104.2	134.5	131.0	122.1	118.1	151.9	143.9		
93.	Forecast November 1981	105.1	96.7	132.0	126.6	113.9	97.6	110.2			
94.	Forecast August 1981	112.5	108.1	141.9	133.1	117.1	97.7				
95.	Forecast May 1981	114.0	108.2	116.3	107.2	115.5					
96.	Forecast February 1981	150.4	145.3	159.3	153.1						
97.	Forecast November 1980	125.1	132.4	143.7							
98.	Forecast August 1980	109.8	98.7								

Table 7.4.

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Change in Outlook on Significant Variables

		1982				1983				1984	
		I	II	III	IV	I	II	III	IV	I	II
	Federal Government Receipts										
99.	Available May 1982	612.2e									
100.	Available August 1982	609.0	616.2e								
101.	Forecast August 1982			602.3	624.0	659.1	675.7	665.2	683.8	706.3	718.1
102.	Forecast May 1982		615.5	613.9	635.4	660.0	677.0	668.6	686.0	705.3	
103.	Forecast February 1982	630.9	645.0	637.2	657.0	683.9	701.7	690.2	710.3		
104.	Forecast November 1981	640.6	655.2	644.1	663.0	689.2	711.2	698.2			
105.	Forecast August 1981	651.9	672.0	660.9	684.9	707.7	727.9				
106.	Forecast May 1981	668.7	689.7	711.9	738.3	729.6					
107.	Forecast February 1981	628.8	650.8	673.5	694.1						
108.	Forecast November 1980	621.1	642.2	664.1							
109.	Forecast August 1980	642.3	663.3								
	Federal Government Expenditures										
110.	Available May 1982	735.1									
111.	Available August 1982	728.3	733.0								
112.	Forecast August 1982			757.2	774.2	784.3	794.0	813.6	825.9	834.4	847.3
113.	Forecast May 1982		738.1	758.2	776.7	785.0	793.6	813.5	832.4	843.4	
114.	Forecast February 1982	727.6	733.1	757.1	776.4	788.7	799.7	824.1	841.7		
115.	Forecast November 1981	725.7	732.8	755.6	766.8	774.2	786.7	810.5			
116.	Forecast August 1981	712.5	721.4	744.4	754.0	762.9	773.3				
117.	Forecast May 1981	715.1	722.4	746.8	757.1	766.4					
118.	Forecast February 1981	725.8	735.0	764.9	784.8						
119.	Forecast November 1980	705.3	715.4	739.6							
120.	Forecast August 1980	707.7	718.1								
	Surplus for ALL Governments										
121.	Available May 1982	-86.7e									
122.	Available August 1982	-91.6	-86.8e								
123.	Forecast August 1982			-122.7	-114.2	-87.3	-79.1	-107.6	-99.5	-84.2	-85.2
124.	Forecast May 1982		-87.3	-105.0	-98.2	-79.7	-69.3	-96.4	-96.0	-89.3	
125.	Forecast February 1982	-63.3	-54.5	-82.2	-79.4	-63.4	-55.0	-89.8	-84.8		
126.	Forecast November 1981	-52.1	-45.0	-78.7	-72.6	-53.7	-43.1	-80.7			
127.	Forecast August 1981	-29.1	-17.9	-51.5	-35.9	-21.8	-11.1				
128.	Forecast May 1981	-13.7	1.1	-1.6	15.6	-0.2					
129.	Forecast February 1981	-57.0	-43.7	-50.6	-49.6						
130.	Forecast November 1980	-50.7	-38.2	-38.0							
131.	Forecast August 1980	-35.0	-23.2								

Table 7.5.

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Change in Outlook on Significant Variables

		1982				1983				1984	
		I	II	III	IV	I	II	III	IV	I	II
	Consumer Price Index										
132.	Actual	283.6	286.8								
133.	Forecast August 1982			292.6	297.6	301.9	306.0	310.5	315.4	321.0	326.1
134.	Forecast May 1982		285.4	289.7	294.4	298.7	303.2	307.9	312.8	318.0	
135.	Forecast February 1982	282.9	286.8	292.7	298.9	303.6	308.3	313.8	319.9		
136.	Forecast November 1981	287.9	292.5	297.6	303.2	309.4	316.7	323.7			
137.	Forecast August 1981	285.1	290.5	295.7	301.7	307.6	314.3				
138.	Forecast May 1981	288.9	295.1	300.6	306.9	314.7					
139.	Forecast February 1981	291.7	298.9	305.8	313.0						
140.	Forecast November 1980	289.2	295.5	301.0							
141.	Forecast August 1980	285.6	292.3								
	After Tax Profits										
142.	Available May 1982	110.3e									
143.	Available August 1982	115.9	121.6e								
144.	Forecast August 1982			127.4	139.2	136.3	143.2	148.5	148.6	150.1	151.7
145.	Forecast May 1982		105.4	123.0	136.4	146.0	154.8	163.1	167.7	159.9	
146.	Forecast February 1982	130.0	134.3	145.5	153.1	158.9	167.2	173.5	179.6		
147.	Forecast November 1981	121.7	129.4	137.2	145.1	150.3	161.5	166.7			
148.	Forecast August 1981	136.3	141.7	150.4	157.3	154.8	162.6				
149.	Forecast May 1981	165.7	168.1	175.0	181.6	181.6					
150.	Forecast February 1981	163.4	172.0	177.0	178.9						
151.	Forecast November 1980	159.5	164.5	171.2							
152.	Forecast August 1980	167.4	174.7								
	Mean Dow-Jones Closing Average										
153.	Actual	833.0	835.0								
154.	Forecast August 1982			814.3	864.1	957.7	1030.0	1033.7	1031.5	1094.7	1046.3
155.	Forecast May 1982		876.5	874.6	985.3	1054.8	1103.2	1181.1	1191.5	1148.6	
156.	Forecast February 1982	845.9	878.6	913.2	865.3	928.0	969.4	1046.7	1098.6		
157.	Forecast November 1981	893.1	924.6	935.2	949.1	1048.9	1097.5	1121.0			
158.	Forecast August 1981	995.2	1064.7	1095.3	1101.7	1152.7	1155.6				
159.	Forecast May 1981	066.7	1137.7	1249.0	1225.4	1247.2					
160.	Forecast February 1981	1162.4	1160.3	1182.8	1116.4						
161.	Forecast November 1980	1156.3	1157.9	1120.2							
162.	Forecast August 1980	1179.4	1186.6								

Table 7.6.

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Change in Outlook on Significant Variables

		1982				1983				1984	
		I	II	III	IV	I	II	III	IV	I	II
	Treasury Bill Rate										
163.	Actual	13.07	12.55								
164.	Forecast August 1982			11.42	12.13	11.69	11.14	11.48	10.95	10.21	9.76
165.	Forecast May 1982		12.53	13.42	11.96	11.73	11.55	11.07	10.65	10.93	
166.	Forecast February 1982	13.52	12.14	13.92	14.82	12.93	13.72	12.62	12.41		
167.	Forecast November 1981	11.42	11.89	13.15	14.02	13.11	13.43	13.65			
168.	Forecast August 1981	13.26	12.85	13.78	14.02	13.61	12.76				
169.	Forecast May 1981	12.46	11.16	10.27	10.51	11.39					
170.	Forecast February 1981	11.72	13.06	12.86	13.05						
171.	Forecast November 1980	10.39	11.04	12.41							
172.	Forecast August 1980	8.79	9.05								
	Housing Starts										
173.	Actual	924	956								
174.	Forecast August 1982			1008	1125	1173	1236	1335	1393	1405	1373
175.	Forecast May 1982		909	1063	1239	1314	1388	1377	1366	1366	
176.	Forecast February 1982	818	1093	1199	1354	1502	1311	1295	1427		
177.	Forecast November 1981	1015	1140	1241	1388	1447	1436	1421			
178.	Forecast August 1981	1359	1414	1566	1522	1513	1499				
179.	Forecast May 1981	1509	1615	1659	1658	1500					
180.	Forecast February 1981	1819	1526	1705	1612						
181.	Forecast November 1980	1787	1877	1849							
182.	Forecast August 1980	1966	2017								
	Unemployment Rate										
183.	Actual	8.8	9.5								
184.	Forecast August 1982			9.8	9.8	9.6	9.4	9.1	9.0	8.7	8.7
185.	Forecast May 1982		9.5	9.5	9.3	9.2	9.0	8.9	8.8	8.5	
186.	Forecast February 1982	8.9	9.4	9.3	9.3	9.0	8.7	8.6	8.5		
187.	Forecast November 1981	8.3	8.5	8.5	8.4	8.4	8.4	8.3			
188.	Forecast August 1981	7.9	7.9	7.8	7.6	7.5	7.6				
189.	Forecast May 1981	7.0	7.0	6.9	6.8	6.6					
190.	Forecast February 1981	7.5	7.4	7.3	7.2						
191.	Forecast November 1980	7.7	7.5	7.3							
192.	Forecast August 1980	8.0	7.9								

Table 7.7.

Change in Outlook on Significant Variables

		1982				1983				1984	
		I	II	III	IV	I	II	III	IV	I	II
	Civilian Employment										
193.	Actual	99.55	99.74								
194.	Forecast August 1982			99.88	100.23	100.76	101.48	102.27	102.92	103.57	104.19
195.	Forecast May 1982		99.32	99.74	100.28	100.89	101.43	101.92	102.32	102.75	
	Money Supply										
196.	Actual	448.1	451.6								
197.	Forecast August 1982			454.0	463.5	471.7	478.0	485.2	492.6	499.6	500.3
198.	Forecast May 1982		454.9	458.3	464.2	470.4	475.0	481.2	487.4	491.6	
199.	Forecast February 1982	446.5	449.6	458.3	463.9	469.7	475.2	481.4	487.8		
200.	Forecast November 1981	440.7	449.8	455.2	462.8	468.1	475.8	481.2			
201.	Forecast August 1981	448.8	455.5	464.6	469.0	476.3	483.0				
202.	Forecast May 1981	447.2	459.1	467.9	478.7	482.1					
203.	Forecast February 1981	455.2	460.2	467.8	476.1						
204.	Forecast November 1980	454.3	465.3	473.2							
205.	Forecast August 1980	440.7	448.0								
	Industrial Production										
206.	Actual	141.8	139.3								
207.	Forecast August 1982			138.5	141.6	143.9	146.2	148.3	150.6	150.1	149.4
208.	Forecast May 1982		141.0	145.4	147.6	151.9	153.4	155.1	155.3	154.7	
209.	Forecast February 1982	141.1	142.2	147.4	150.4	152.9	155.4	156.4	157.3		
210.	Forecast November 1981	149.0	150.3	152.0	153.5	153.9	156.3	156.0			
211.	Forecast August 1981	151.9	154.5	155.7	158.8	160.1	159.5				
212.	Forecast May 1981	156.5	160.9	163.0	166.2	165.6					
213.	Forecast February 1981	162.0	164.8	166.5	167.6						
214.	Forecast November 1980	149.5	151.8	153.0							
215.	Forecast August 1980	152.0	152.7								
	Seasoned Aaa Corporate Bonds										
216.	Actual	15.01	14.51								
217.	Forecast August 1982			14.47	14.76	14.21	13.93	14.15	14.23	13.69	13.39
218.	Forecast May 1982		14.37	14.88	13.94	13.76	13.38	12.99	12.78	13.01	
219.	Forecast February 1982	15.33	14.96	15.41	15.65	15.25	15.37	15.02	14.78		
220.	Forecast November 1981	14.43	14.41	14.62	15.01	14.43	14.45	14.76			
221.	Forecast August 1981	13.89	13.66	13.82	14.11	13.95	13.80				
222.	Forecast May 1981	13.27	12.96	12.59	12.75	12.91					
223.	Forecast February 1981	12.43	12.71	12.61	12.78						
224.	Forecast November 1980	11.42	11.78	12.23							
225.	Forecast August 1980	10.62	10.83								

Table 8

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U.S. Foreign Trade Accounts

	1981	1982	1983	Percent Change		
				80-81	81-82	82-83
Exports of U.S. Merchandise	233677	228052	252393	6.0	-2.4	10.7
Food & Live Animals	30291	27010	30804	9.2	-10.8	14.0
Beverages & Tobacco	2915	3111	3236	9.4	6.7	4.0
Crude Materials	20992	20543	23078	-11.8	-2.1	12.3
Mineral Fuels	10279	14297	14430	28.8	39.1	0.9
Animal & Vegetable Oils	1750	1606	1723	-10.1	-8.2	7.3
Chemicals	21187	21634	25070	2.2	2.1	15.9
Manufactured Goods	20632	18176	20518	-8.9	-11.9	12.9
Machinery, Trans. Equipment	95717	91978	98733	13.2	-3.9	7.3
Miscellaneous Manufacturing	16746	17358	20613	2.5	3.7	18.8
Commodities, n.e.c.	8389	7118	8085	-0.5	-15.2	13.6
Re-exports	4778	5224	6105	16.1	9.3	16.9
Imports of U.S. Merchandise	260982	254665	284788	6.6	-2.4	11.8
Food & Live Animals	15211	14774	16785	-3.5	-2.9	13.6
Beverages & Tobacco	3139	3441	3838	12.7	9.6	11.5
Crude Materials	11033	8951	11015	5.0	-18.9	23.1
Mineral Fuels	81360	66284	70746	-1.9	-18.5	6.7
Animal & Vegetable Oils	479	475	565	-10.1	-0.8	18.9
Chemicals	9322	9324	10905	8.5	0.0	17.0
Manufactured Goods	37224	36152	41693	15.5	-2.9	15.3
Machinery, Trans. Equip.	69679	78141	87423	15.0	12.1	11.9
Misc. Manufacturing	26249	29129	33333	10.5	11.0	14.4
Commodities, n.e.c.	7284	8003	8493	0.8	9.9	6.1
Balance of Payments Accounts						
Total Exports	372892	376446	421430	8.2	1.0	11.9
Merchandise	236254	227855	251913	5.5	-3.6	10.6
Reinvestment	12978	8136	12340	-23.6	-37.3	51.7
Other Investment	72967	85965	99168	23.8	17.8	15.4
Other Goods & Services	50693	54490	58010	13.2	7.5	6.5
Total Imports	361813	365638	412905	8.4	1.1	12.9
Merchandise	264143	256024	286788	6.0	-3.1	12.0
Reinvestment	4099	3512	4605	-33.8	-14.3	31.1
Other Investment	48809	59386	70478	32.0	21.7	18.7
Other Services	44762	46716	51035	8.1	4.4	9.2
Current Account Balance	4471	3893	1425	-	-	-

Table 9.

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Implicit Price Deflators For Personal Consumption Expenditures

	1982				1983				1984		Percent Change			Annual		
	I	II	III	IV	I	II	III	IV	I	II	80-81	81-82	82-83	1981	1982	1983
Durable Goods	173.0	174.6	177.2	179.3	181.7	183.9	186.2	188.7	190.9	192.8	7.1	5.1	5.2	167.5	176.0	185.1
% Change	4.2	3.6	6.1	4.8	5.5	5.0	5.1	5.5	4.7	4.1						
Automobiles	188.0	190.9	194.0	196.7	199.6	202.4	204.9	208.3	210.6	213.2	9.0	5.8	5.9	181.8	192.4	203.8
% Change	0.0	6.3	6.7	5.6	6.0	5.8	5.0	6.9	4.3	5.2						
Furniture	155.7	157.0	158.6	160.0	161.8	163.4	165.2	166.8	169.0	170.4	5.6	4.0	4.1	151.7	157.8	164.3
% Change	3.4	3.4	4.2	3.7	4.5	4.0	4.6	4.0	5.2	3.5						
Other Durables	181.2	180.6	182.8	184.5	186.4	188.1	190.1	192.5	194.5	196.4	6.3	3.8	3.8	175.6	182.3	189.3
% Change	5.0	-1.3	4.9	3.7	4.2	3.8	4.2	5.1	4.3	4.0						
Nondurables	206.8	206.9	211.1	214.7	218.4	221.5	224.7	228.0	231.3	234.9	7.6	3.6	6.3	202.7	209.9	223.2
% Change	2.4	0.0	8.3	7.1	7.1	5.8	5.8	5.9	6.0	6.3						
Food	213.4	215.5	219.3	223.7	228.4	231.5	234.9	238.9	242.5	246.4	8.4	5.4	7.1	206.9	218.0	233.4
% Change	6.4	4.0	7.3	8.3	8.7	5.5	6.0	6.9	6.3	6.5						
Apparel	140.2	141.1	141.6	142.5	143.2	144.6	146.1	147.5	148.7	150.4	3.1	2.1	2.8	138.5	141.4	145.4
% Change	1.4	2.6	1.5	2.5	2.0	4.0	4.2	3.8	3.5	4.4						
Gasoline & Oil	363.9	335.2	356.7	365.5	373.6	378.5	384.7	391.6	400.7	409.5	11.2	-5.7	7.5	376.7	355.3	382.1
% Change	-14.6	-28.0	28.2	10.2	9.2	5.3	6.8	7.4	9.6	9.1						
Fuel Oil	568.5	541.8	560.9	572.7	588.0	591.9	600.5	616.1	636.1	651.7	21.5	-1.9	6.8	571.6	561.0	599.1
% Change	-8.1	-17.5	14.9	8.7	11.1	2.7	5.9	10.8	13.6	10.2						
Other Nondurables	194.6	198.7	202.7	206.4	211.0	215.2	218.8	222.3	226.0	229.6	8.6	8.2	8.1	185.4	200.6	216.8
% Change	8.4	8.7	8.3	7.5	9.2	8.2	6.9	6.6	6.8	6.5						
Services	207.4	210.7	214.7	219.1	223.6	228.0	232.1	236.5	241.1	245.7	9.8	8.5	8.0	196.3	213.0	230.1
% Change	7.8	6.5	7.9	8.4	8.5	8.0	7.3	7.8	8.0	7.9						
Housing	191.1	194.0	197.4	200.8	204.3	208.0	211.7	215.6	219.6	223.7	8.9	7.8	7.2	181.6	195.8	209.9
% Change	7.2	6.2	7.3	7.0	7.3	7.5	7.3	7.5	7.8	7.5						
Electricity & Gas	293.4	302.0	309.9	319.7	331.0	340.4	350.5	361.9	373.5	383.6	13.8	13.1	13.0	270.9	306.3	346.0
% Change	15.7	12.3	10.9	13.3	14.9	11.8	12.5	13.7	13.5	11.2						
Household Operations	170.3	173.4	176.3	179.4	183.5	188.2	191.0	193.8	198.2	202.6	9.6	9.2	8.1	160.1	174.9	189.1
% Change	6.9	7.5	6.8	7.2	9.5	10.7	6.1	5.9	9.6	9.1						
Transportation	209.7	213.7	218.6	224.7	229.7	233.9	237.5	241.4	245.6	251.1	9.4	7.3	8.7	201.9	216.7	235.6
% Change	4.7	7.9	9.5	11.6	9.2	7.5	6.3	6.7	7.2	9.3						
Other Services	217.2	220.6	224.7	229.0	233.5	237.8	241.8	246.0	250.3	254.5	9.8	8.3	7.6	205.8	222.9	239.8
% Change	6.7	6.4	7.6	7.9	8.1	7.5	7.0	7.2	7.1	7.0						
Personal Consumption Expenditures	202.2	204.0	207.9	211.5	215.4	218.9	222.3	226.0	229.8	233.6	8.6	6.1	6.9	194.5	206.4	220.7
% Change	5.0	3.6	7.8	7.2	7.6	6.7	6.4	6.9	6.9	6.7						
Consumer Price Index	283.6	286.8	292.6	297.6	301.9	306.0	310.5	315.4	321.0	326.1	10.3	6.6	6.3	272.3	290.2	308.5
% Change	3.1	4.6	8.3	7.0	5.9	5.5	6.0	6.5	7.3	6.5						

Table 10.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1982

Implicit Price Indices With Annual Percentage Changes

	1982				1983				1984		Percent Change			Annual		
	I	II	III	IV	I	II	III	IV	I	II	80-81	81-82	82-83	1981	1982	1983
GNP Deflator	203.68	206.35	209.48	213.54	217.25	220.70	224.01	227.80	231.40	235.00	9.4	6.5	6.8	195.51	208.26	222.44
% Change	4.3	5.3	6.2	8.0	7.1	6.5	6.1	6.9	6.5	6.4						
Personal Cons. Exp.	202.2	204.0	207.9	211.5	215.4	218.9	222.3	226.0	229.8	233.6	8.5	6.1	6.9	194.5	206.4	220.7
% Change	5.0	3.6	7.8	7.2	7.6	6.7	6.4	6.9	6.9	6.7						
Private Domestic Investment	212.3	214.0	216.4	220.8	223.4	227.3	229.9	233.0	236.2	239.2	8.2	5.5	3.8	208.8	220.2	228.5
	-3.5	3.2	4.6	8.4	4.8	7.2	4.7	5.5	5.6	5.2						
Structures	264.5	266.9	268.7	271.3	274.7	278.7	282.8	286.7	291.2	296.0	10.4	6.5	4.8	251.5	267.9	280.7
% Change	4.0	3.7	2.7	3.9	5.1	6.0	5.9	5.6	6.5	6.7						
Producers Durables	181.9	184.1	186.3	187.8	189.5	191.6	193.8	195.8	198.0	200.4	6.4	2.9	3.6	179.8	185.0	191.7
% Change	-1.3	4.8	4.9	3.2	3.7	4.6	4.5	4.2	4.5	4.9						
Housing	240.5	241.8	242.7	244.4	247.0	250.9	254.1	257.8	261.9	266.0	6.9	3.7	4.2	233.6	242.4	252.5
% Change	2.0	2.3	1.5	2.8	4.3	6.5	5.1	5.9	6.6	6.3						
Exports	237.3	237.0	237.9	242.1	245.1	247.6	250.6	254.7	258.9	263.0	8.8	2.9	4.6	231.8	238.6	249.5
% Change	4.9	-0.6	1.5	7.2	5.1	4.2	4.9	6.7	6.8	6.5						
Imports	286.4	278.6	282.0	285.7	289.2	293.2	297.2	301.7	306.3	311.6	1.3	-3.4	4.3	293.1	283.2	295.3
%Change	0.5	-10.4	4.9	5.3	5.1	5.7	5.5	6.2	6.3	7.0						
Federal	218.3	223.1	226.0	233.6	237.1	239.7	243.1	250.3	253.4	257.0	12.0	8.6	7.7	207.4	225.3	242.6
% Change	4.4	9.0	5.2	14.1	6.1	4.5	5.8	12.4	5.1	5.8						
Federal Purchases	233.7	243.5	247.5	251.4	255.1	260.3	264.9	269.8	274.8	280.2	12.2	8.4	7.6	225.0	244.0	262.5
% Change	5.3	17.9	6.7	6.5	7.3	7.0	7.4	7.6	7.5	8.1						
Federal Value Added	198.2	198.7	199.3	210.9	212.3	212.6	213.4	223.6	224.2	224.7	10.9	8.7	6.8	185.7	201.8	215.5
% Change	3.1	1.0	1.1	25.3	2.6	0.6	2.0	20.4	1.1	0.9						
State & Local	217.5	221.5	225.8	229.8	234.0	238.4	242.7	246.9	251.3	256.1	8.7	7.4	7.5	208.2	223.7	240.5
% Change	6.2	7.6	8.1	7.2	7.5	7.7	7.3	7.2	7.3	7.8						
State & Local Purchases	237.0	240.5	244.9	249.0	253.2	257.5	261.9	266.6	271.2	276.2	8.9	6.5	7.0	228.1	242.9	259.8
% Change	3.8	6.0	7.5	6.8	7.0	6.9	7.1	7.3	7.2	7.5						
State & Local Value Added	204.9	209.3	213.4	217.3	221.4	225.9	230.1	234.1	238.4	242.9	8.7	8.3	7.9	195.0	211.2	227.9
% Change	8.2	8.9	8.0	7.5	7.7	8.4	7.6	7.2	7.5	7.9						